JOE GQABI

DISTRICT MUNICIPALITY

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

JOE GQABI DISTRICT MUNICIPALITY

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GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Gariep Local Municipality (Burgersdorp, Venterstad and Steynsburg)
Maletswai Local Municipality (Aliwal North and Jamestown)
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes and Barkly East)
Elundini Local Municipality (Maclear, Ugie and Mount Fletcher)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Z I Dumzela	
Speaker	B Salman	
Councillor	G S Brown	Portfolio head: Financial Services
Councillor	N P Mposelwa	Portfolio head: Technical Services
Councillor	X G Motloi	Portfolio head: Corporate Services
Councillor	N L Gova	Portfolio head: Community Services

MUNICIPAL MANAGER

Mr Z A Williams

CHIEF FINANCIAL OFFICER

Mr J M Jackson

OTHER DIRECTORS

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services and Planning
Mr H Z Jantjie	- Director: Corporate Services

REGISTERED OFFICE

P/Bag X102	C/o Cole and Graham Street
Barkly East	Barkly East
9786	9786

AUDITORS

Office of the Auditor General (EC)
Vincent
East London

ATTORNEYS

Douglas and Botha
Aliwal North
9750

PRINCIPAL BANKERS

ABSA
P O Box 323
Bloemfontein
9300

AUDIT COMMITTEE

Z Luswazi	- Chairperson
J Emslie	- Member
P G Du Toit	- Member

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act (Act no 5 of 2012)
The Income Tax Act (Act no 28 of 1997)
Value Added Tax Act (Act no 89 of 1991)
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations, 2001
Water Services Act (Act no 108 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Remuneration of Public Office Bearers' Act (Act 20 of 1998)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements (2001, 2006, 2008 and 2009)
Infrastructure Grants (2004 - 2007)
SALGBC Leave Regulations (2006, 2008, 2009)
National Environmental Management Act (Act no 62 of 2008)
Preferential Procurement Policy Framework Act (Act no 5 of 2000)
Occupational Health and Safety (Act no 85 of 1993)
Companies Act of South Africa (Act no 61 of 1973)

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	B Salman
Councillors: JGDM	N P Mposelwa G S Brown V Mbulawa D F Hartkopf X G Motloi N Ngubo L N Gova C N Manxeba

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	M W Mpelwane SS Tindleni A Kwinana G Mvunyiswa L Tokwe I van der Walt
Elundini Local Municipality	L S Baduza G M Moni A M Ntaba M R Moore D D Mvumvu
Maletswai Local Municipality	N S Mathetha S E Mbana
Gariep Local Municipality	T Z Notyeke

JOE GQABI DISTRICT MUNICIPALITY

APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

I am responsible for the preparation of these annual consolidated financial statements year ended 30 June 2012, which are set out on pages 1 to 69 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The annual consolidated financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2013 and I am satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Economic Entity's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr Z A Williams	**Date**
Municipal Manager	

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	ECONOMIC ENTITY 2012 R	ECONOMIC ENTITY Restated 2011 R	MUNICIPALITY 2012 R	MUNICIPALITY Restated 2011 R
NET ASSETS AND LIABILITIES					
Net Assets		**1 170 228 877**	**1 166 774 992**	**1 170 228 877**	**1 166 774 992**
Accumulated Surplus		1 170 228 877	1 166 774 992	1 170 228 877	1 166 774 992
Non-Current Liabilities from Exchange Transactions		**6 498 053**	**6 855 304**	**6 498 053**	**6 855 304**
Long-term Liabilities	**2**	6 498 053	6 855 304	6 498 053	6 855 304
Non-Current Liabilities		**19 131 803**	**15 611 492**	**19 131 803**	**15 611 492**
Employee Benefits	**3**	19 131 803	15 611 492	19 131 803	15 611 492
Current Liabilities		**11 088 646**	**13 530 973**	**11 017 419**	**13 530 973**
Current Employee Benefits	**4**	11 088 646	13 530 973	11 017 419	13 530 973
Current Liabilities from Exchange Transactions		**52 513 122**	**62 233 585**	**52 279 559**	**62 233 585**
Payables from Exchange Transactions	**5**	51 919 992	61 910 666	51 919 992	61 910 666
South African Revenue Services	**7**	233 563	-	-	-
Current Portion of Long-term Liabilities	**2**	359 567	322 919	359 567	322 919
Current Liabilities from Non-Exchange Transactions		**15 219 393**	**11 932 277**	**13 026 411**	**11 932 277**
Unspent Conditional Government Grants and Receipts	**6**	15 219 393	11 932 277	13 026 411	11 932 277
Total Net Assets and Liabilities		**1 274 679 894**	**1 276 938 623**	**1 272 182 122**	**1 276 938 623**
ASSETS					
Non-Current Assets		**1 180 187 906**	**1 161 949 950**	**1 180 872 992**	**1 161 951 550**
Property, Plant and Equipment	**8**	1 170 400 193	1 151 519 613	1 170 157 765	1 151 243 655
Investment Property	**9**	4 890 649	4 947 693	2 639 279	2 685 567
Intangible Assets	**10**	3 470 779	4 162 800	3 470 779	4 162 800
Non-Current Investments	**11**	1 426 285	1 319 844	4 605 169	3 859 528
Current Assets		**21 761 963**	**5 183 908**	**18 579 855**	**5 183 908**
Inventory	**12**	1 211 740	1 227 420	1 211 740	1 227 420
Cash and Cash Equivalents	**14**	20 550 223	3 956 488	17 368 115	3 956 488
Current Assets from Exchange Transactions		**13 665 297**	**25 027 716**	**13 664 547**	**25 026 116**
Receivables from Exchange Transactions	**13**	3 006 333	5 900 386	3 005 583	5 883 036
South African Revenue Services	**7**	10 658 964	19 127 330	10 658 964	19 143 080
Current Assets from Non-Exchange Transactions		**59 064 728**	**84 777 049**	**59 064 728**	**84 777 049**
Unpaid Conditional Government Grants and Receipts	**6**	59 064 728	84 777 049	59 064 728	84 777 049
Total Assets		**1 274 679 894**	**1 276 938 623**	**1 272 182 122**	**1 276 938 623**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

		ECONOMIC ENTITY		MUNICIPALITY	
			Restated		Restated
	Notes	2012 R	2011 R	2012 R	2011 R
REVENUE					
Revenue from Non-exchange Transactions		**316 704 961**	**358 251 226**	**316 021 961**	**358 251 226**
Transfer Revenue		**316 704 961**	**354 294 057**	**316 021 961**	**354 294 057**
Government Grants and Subsidies - Capital	**15**	64 980 991	97 592 480	64 980 991	97 592 480
Government Grants and Subsidies - Operating	**15**	251 586 971	256 701 577	250 903 971	256 701 577
Public Contributions and Donations		137 000	-	137 000	-
Other Revenue		**-**	**3 957 169**	**-**	**3 957 169**
Reversal of Provision for Impairment	**23**	-	3 957 169	-	3 957 169
Revenue from Exchange Transactions		**21 783 928**	**21 650 493**	**21 783 894**	**21 650 493**
Government Services	**16**	18 636 513	18 471 878	18 636 513	18 471 878
Interest Earned - External Investments	**17**	1 403 462	2 901 093	1 403 428	2 901 093
Other Income	**18**	1 743 953	277 522	1 743 953	277 522
Fair Value Gains		**-**	**2 248 540**	**-**	**2 248 540**
Actuarial Gains	**19**	-	2 248 540	-	2 248 540
Total Revenue		**338 488 889**	**382 150 259**	**337 805 855**	**382 150 259**
EXPENDITURE					
Employee Related Costs	**20**	79 275 896	72 760 559	78 593 502	72 679 024
Remuneration of Councillors	**21**	4 086 379	3 754 665	4 086 379	3 754 665
Remuneration of Directors	**22**	225 750	69 000	-	-
Debt Impairment	**23**	547 591	-	547 591	-
Impairments	**24**	1 707	-	1 875 415	677 770
Depreciation and Amortisation	**25**	41 662 220	37 504 210	41 616 842	37 472 356
Repairs and Maintenance	**26**	9 704 418	10 798 427	9 704 418	10 798 427
Actuarial Losses	**19**	2 108 371	-	2 108 371	-
Finance Charges	**27**	2 575 300	2 803 664	2 575 300	2 803 664
Contracted services	**28**	38 550 741	43 341 167	38 550 741	43 341 167
Grants and Subsidies Paid	**29**	38 227 189	33 920 909	38 227 189	33 920 909
Inventory Adjustments		13 037	10 474	13 037	10 474
Operating Grant Expenditure	**30**	84 580 149	42 088 148	84 580 149	42 088 148
Emergency Drought Relief		6 661 804	23 424 201	6 661 804	23 424 201
General Expenses	**31**	26 798 164	49 785 458	25 194 941	49 399 544
Loss on disposal of Property, Plant and Equipment		154 780	518 708	154 780	517 838
Total Expenditure		**335 173 497**	**320 779 590**	**334 490 459**	**320 888 187**
NET SURPLUS FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS		**3 315 393**	**61 370 668**	**3 315 396**	**61 262 071**
Discontinued Operations	**32**	138 491	(4 569 964)	138 491	(4 569 964)
NET SURPLUS FOR THE YEAR		**3 453 884**	**56 800 705**	**3 453 887**	**56 692 108**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY	MUNICIPALITY
	Accumulated Surplus	Accumulated Surplus
	R	R
Balance at 1 JULY 2010	**1 113 152 394**	**1 113 146 358**
Correction of error restatement - Refer to note 33.08	(3 178 107)	(3 063 474)
Restated Balance at 1 JULY 2010	**1 109 974 287**	**1 110 082 884**
Net Surplus for the year	56 800 705	56 692 108
Balance at 30 JUNE 2011	**1 166 774 992**	**1 166 774 992**
Net Surplus for the year	3 453 885	3 453 885
Balance at 30 JUNE 2012	**1 170 228 877**	**1 170 228 877**

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	ECONOMIC ENTITY		MUNICIPAL ENTITY	
		2012 R	Restated 2011 R	2012 R	Restated 2011 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Other		31 565 856	8 596 665	24 955 698	8 598 265
Government		345 567 399	317 686 363	342 691 417	317 686 363
Interest		1 403 462	2 901 093	1 403 428	2 901 093
Payments					
Suppliers and Employees		(342 331 558)	(254 536 184)	(251 910 695)	(253 999 735)
Finance Charges		2 575 300	(2 803 664)	(2 575 300)	(2 803 664)
Transfers and Grants		38 227 189	(33 920 909)	(38 227 189)	(33 920 909)
Net Cash from Operating Activities	**34**	**77 007 648**	**37 923 364**	**76 337 359**	**38 461 413**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(59 947 108)	(96 857 731)	(59 944 309)	(96 606 255)
Purchase of Intangible Assets		(3 114)	(3 244 178)	(3 114)	(3 244 178)
Purchase of Investment Property		-	(278 346)	-	-
Increase in Non-current Investments		(106 441)	(108 861)	(2 621 056)	(1 176 731)
Net Cash from Investing Activities		**(60 056 663)**	**(100 489 116)**	**(62 568 478)**	**(101 027 164)**
CASH FLOW FROM FINANCING ACTIVITIES					
Decrease in Long-term Liabilities		(357 251)	(322 770)	(357 253)	(322 771)
Net Cash from Financing Activities		**(357 251)**	**(322 770)**	**(357 253)**	**(322 771)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**16 593 734**	**(62 888 522)**	**13 411 627**	**(62 888 522)**
Cash and Cash Equivalents at the beginning of the year		3 956 488	66 845 010	3 956 488	66 845 010
Cash and Cash Equivalents at the end of the year	**35**	20 550 223	3 956 488	17 368 115	3 956 488
NET INCREASE IN CASH AND CASH EQUIVALENTS		**16 593 735**	**(62 888 522)**	**13 411 627**	**(62 888 522)**

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The Economic Entity resolved to early adopt the following Standards as indicated in the table below. These adoptions include original Standards that have subsequently been revised.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 21 (Original – Mar 2009)	Impairment of non-cash-generating assets	1 April 2012
GRAP 23 (Original – Feb 2008)	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 26 (Original – Mar 2009)	Impairment of cash-generating assets	1 April 2012
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
GRAP 104 (Original – Oct 2009)	Financial Instruments	1 April 2012
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Joe Gqabi District Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

1.7. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 (Revised – March 2012) paragraph 11 to 14 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the Municipal Budget Reporting Regulations.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Economic Entity:

Standard	Description	Effective Date
GRAP 6 **(Revised – Nov 2010)**	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected.	**Unknown**
GRAP 7 **(Revised – Mar 2012)**	**Investments in Associate** This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets. No significant impact is expected as the Economic Entity does not participate in such business transactions.	**1 April 2013**

GRAP 8 **(Revised – Nov 2010)**	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Economic Entity is not involved in any joint ventures.	**Unknown**
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. Information to a large extent is already included in the annual financial statements.	**Unknown**
GRAP 24 **(Original – Nov 2007)**	**Presentation of Budget Information in Financial Statements** This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. The Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. Information to a large extent is already included in the notes to the annual financial statements and the impact is assessed to not be significant.	**1 April 2012**
GRAP 103 **(Original – July 2008)**	**Heritage Assets** The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements. No adjustments necessary as the Economic Entity has no significant heritage assets other than the assets currently accounted for in terms of GRAP 17.	**1 April 2012**

GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact is expected as the Economic Entity does not participate in such business transactions.	**Unknown**
GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact is expected as the Economic Entity does not participate in such business transactions.	**Unknown**
GRAP 107 **(Original – Nov 2010)**	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact is expected as the Economic Entity does not participate in such business transactions.	**Unknown**
IGRAP 12	**Jointly Controlled Entities non-monetary contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Economic Entity does not have any JCE's.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Economic Entity once implemented.

1.9. LEASES

1.9.1 Economic Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 Economic Entity as Lessor

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The Economic Entity shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12. PROVISIONS

Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Economic Entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.13. EMPLOYEE BENEFITS

(a) Post Retirement Medical Obligations

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

(e) Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus not guaranteed.

(g) Pension and retirement fund obligations

The Economic Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

(h) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Water	15 - 50	Special Vehicles	10 – 17
Sewerage	15 - 50	Motor vehicles	5 – 17
		Office Equipment	5 – 12
Land and Buildings		Furniture and Fittings	7 – 20
Buildings	20 - 30	Tool and Equipment	5 – 15
		Computer Equipment	3 – 12
		Fire Engines	5 – 10

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project; and
- it is probable that the Economic Entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	3 -10

1.15.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.16.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	20 - 30

1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. NON-CURRENT ASSETS HELD FOR SALE

1.17.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.17.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20. INVENTORIES

1.20.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions).

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1 <u>*Receivables*</u>

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.2 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Economic Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities are carried at amortised cost.

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.22. TAXATION

1.22.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.22.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.22.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.23. REVENUE

1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Economic Entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Economic Entity’s bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. If the Economic Entity does not enforce its obligation to collect the revenue, it is a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- All non-executive directors or members of the governing body of the entity, including the Chief Financial Officer.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Economic Entity or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings.
- The Economic Entity also consulted with professional engineers and qualified valuators to support the useful life of buildings.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.21.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.21.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Economic Entity's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Entity to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
2	**LONG-TERM LIABILITIES**				
	Annuity Loans - At amortised cost	6 857 620	7 178 223	6 857 620	7 178 223
	Less: Current Portion transferred to Current Liabilities	(359 567)	(322 919)	(359 567)	(322 919)
	Total - At amortised cost using the effective interest rate method	**6 498 053**	**6 855 304**	**6 498 053**	**6 855 304**

Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with first maturity date of 30 June 2016 and last maturity date of 31 December 2024. The loans are for the main building in Barkly East and sanitation infrastructure,

Included in Non-current Investments as per note 11 is an amount of R1 113 306 (2011 - R1 020 189) held as guarentee by the DBSA.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments			
Amounts payable under annuity loans:				
Payable within one year	1 132 215	1 132 215	1 132 215	1 132 215
Payable within two to five years	4 365 495	4 528 859	4 365 495	4 528 859
Payable after five years	7 266 377	8 235 227	7 266 377	8 235 227
	12 764 086	13 896 301	12 764 086	13 896 301
Less: Future finance obligations	(5 906 466)	(6 718 078)	(5 906 466)	(6 718 078)
Present value of annuity obligations	**6 857 620**	**7 178 223**	**6 857 620**	**7 178 223**

3	**EMPLOYEE BENEFITS**				
	Post Retirement Medical Obligation - Refer to note 3.1	16 519 916	13 409 403	16 519 916	13 409 403
	Ex Gratia Gratuities - Refer to note 3.2	308 623	516 817	308 623	516 817
	Long Service Awards - Refer to note 3.3	2 303 264	1 685 272	2 303 264	1 685 272
	Total Non-current Employee Benefit Liabilities	**19 131 803**	**15 611 492**	**19 131 803**	**15 611 492**
	Post Retirement Medical Obligation				
	Balance 1 July	14 414 811	14 753 945	14 414 811	14 753 945
	Contribution for the year	2 494 068	2 838 250	2 494 068	2 838 250
	Expenditure for the year	(901 658)	(992 888)	(901 658)	(992 888)
	Actuarial Loss/(Gain)	1 606 003	(2 184 496)	1 606 003	(2 184 496)
	Total post retirement medical obligation 30 June	**17 613 224**	**14 414 811**	**17 613 224**	**14 414 811**
	Less: Transfer of Current Portion - Note 4	(1 093 308)	(1 005 408)	(1 093 308)	(1 005 408)
	Balance 30 June	**16 519 916**	**13 409 403**	**16 519 916**	**13 409 403**
	Ex Gratia Gratuities				
	Balance 1 July	516 817	548 160	516 817	548 160
	Contribution for the year	76 005	79 534	76 005	79 534
	Expenditure for the year	(143 204)	-	(143 204)	-
	Actuarial Loss/(Gain)	74 829	(110 877)	74 829	(110 877)
	Total ex gratia provision 30 June	**524 447**	**516 817**	**524 447**	**516 817**
	Less: Transfer of Current Portion to Current Provisions - Note 4	(215 824)	-	(215 824)	-
	Balance 30 June	**308 623**	**516 817**	**308 623**	**516 817**
	Long Service Awards				
	Balance 1 July	1 871 614	1 582 371	1 871 614	1 582 371
	Contribution for the year	556 670	481 191	556 670	481 191
	Expenditure for the year	(120 571)	(238 781)	(120 571)	(238 781)
	Actuarial Loss	427 539	46 833	427 539	46 833
	Total long service 30 June	**2 735 252**	**1 871 614**	**2 735 252**	**1 871 614**
	Less: Transfer of Current Portion - Note 4	(431 988)	(186 342)	(431 988)	(186 342)
	Balance 30 June	**2 303 264**	**1 685 272**	**2 303 264**	**1 685 272**
	TOTAL EMPLOYEE BENEFITS				
	Balance 1 July	16 803 242	16 884 476	16 803 242	16 884 476
	Contribution for the year	3 126 743	3 398 975	3 126 743	3 398 975
	Expenditure for the year	(1 165 433)	(1 231 669)	(1 165 433)	(1 231 669)
	Actuarial Loss/(Gain)	2 108 371	(2 248 540)	2 108 371	(2 248 540)
	Total employee benefits 30 June	**20 872 923**	**16 803 242**	**20 872 923**	**16 803 242**
	Less: Transfer of Current Portion - Note 4	(1 525 296)	(1 191 750)	(1 525 296)	(1 191 750)
	Balance 30 June	**19 347 627**	**15 611 492**	**19 347 627**	**15 611 492**

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 Employees	2011 Employees	2012 Employees	2011 Employees

3.1 Post Retirement Medical Obligation

The Post Retirement Medical Obligation is a defined benefit plan, of which the members are made up as follows:

	2012 Employees	2011 Employees	2012 Employees	2011 Employees
In-service (employee) members	118	92	118	92
Continuation members (e.g. Retirees, widows, orphans)	40	40	40	40
Total Members	**158**	**132**	**158**	**132**

The Economic Entity makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Hosmed
SAMWU Medical Aid; and
Key Health.

Key actuarial assumptions used:	2012 %	2011 %	2012 %	2011 %
i) Rate of interest				
Discount rate	7.68	8.40	7.68	8.40
Health Care Cost Inflation Rate	7.07	7.27	7.07	7.27
Net Effective Discount Rate	0.57	1.06	0.57	1.06

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the Economic Entity is:

Male : 63 years
Female: 58 years

The liability in respect of past service recognised in the Statement of Financial Position is as follows:	2012 R	2011 R	2012 R	2011 R
In-service members	7 546 000	5 027 000	7 546 000	5 027 000
Continuation members	10 067 224	9 387 811	10 067 224	9 387 811
Total Liability	**17 613 224**	**14 414 811**	**17 613 224**	**14 414 811**

Reconciliation of present value of fund obligation:

	2012 R	2011 R	2012 R	2011 R
Present value of fund obligation at the beginning of the year	14 414 811	14 753 945	14 414 811	14 753 945
Total contributions	1 592 410	1 845 362	1 592 410	1 845 362
Current service cost	905 396	1 057 902	905 396	1 057 902
Interest Cost	1 588 672	1 780 348	1 588 672	1 780 348
Benefits Paid	(901 658)	(992 888)	(901 658)	(992 888)
Actuarial loss/(gain)	1 606 003	(2 184 496)	1 606 003	(2 184 496)
Present value of fund obligation at the end of the year	17 613 224	14 414 811	17 613 224	14 414 811
Less: Transfer of Current Portion - Note 4	(1 093 308)	(1 005 408)	(1 093 308)	(1 005 408)
Balance 30 June	**16 519 916**	**13 409 403**	**16 519 916**	**13 409 403**

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		905 396	1 588 672	2 494 068	
Health care inflation	+1%	1 122 500	1 821 000	2 943 500	18%
Health care inflation	-1%	737 500	1 398 100	2 135 600	-14%
Post-retirement mortality	-1 year	937 000	1 656 500	2 593 500	4%
Average retirement age	-1 year	991 000	1 681 400	2 672 400	7%
Withdrawal Rate	-50%	1 068 800	1 662 800	2 731 600	10%

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 %	2011 %	2012 %	2011 %

3.2 Ex Gratia Gratuities

The Ex Gratia Gratuities plans are defined benefit plans. As at year end 56 (2011 - 60) employees were eligible for Ex Gratia Gratuities

Key actuarial assumptions used:

i) Rate of interest

	2012 %	2011 %	2012 %	2011 %
Discount rate	6.92	8.13	6.92	8.13

	2012 R	2011 R	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	524 447	516 817	524 447	516 817
Fair value of plan assets	-	-	-	-
Total Liability	**524 447**	**516 817**	**524 447**	**516 817**
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	516 817	548 160	516 817	548 160
Total contributions	(67 199)	79 534	(67 199)	79 534
Current service cost	26 887	26 164	26 887	26 164
Interest Cost	49 118	53 370	49 118	53 370
Benefits Paid	(143 204)	-	(143 204)	-
Actuarial loss/(gain)	74 829	(110 877)	74 829	(110 877)
Present value of fund obligation at the end of the year	524 447	516 817	524 447	516 817
Less: Transfer of Current Portion - Note 4	(215 824)	-	(215 824)	-
Present value of fund obligation at the end of the year	**308 623**	**516 817**	**308 623**	**516 817**

The liability is unfunded.

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		26 887	49 118	76 005	
Salary Inflation	+1%	26 400	53 700	80 100	5%
Salary Inflation	-1%	27 400	44 300	71 700	-6%
Average retirement age	-1 year	24 000	55 600	79 600	5%
Withdrawal Rate	-50%	27 000	49 300	76 300	0%

3.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 312 employees (2011 - 260), but they are not all eligible for payment in the same year.

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 %	2011 %	2012 %	2011 %
Key actuarial assumptions used:				
i) Rate of interest				
Discount rate	6.11	7.49	6.11	7.49
General Salary Inflation (long-term)	5.97	6.20	5.97	6.20
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.13	1.22	0.13	1.22

	2012 R	2011 R	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	2 735 252	1 871 614	2 735 252	1 871 614
Total Liability	**2 735 252**	**1 871 614**	**2 735 252**	**1 871 614**

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	1 871 614	1 582 371	1 871 614	1 582 371
Total contributions	436 099	242 410	436 099	242 410
Current service cost	423 377	350 223	423 377	350 223
Interest Cost	133 293	130 968	133 293	130 968
Benefits Paid	(120 571)	(238 781)	(120 571)	(238 781)
Actuarial loss	427 539	46 833	427 539	46 833
Present value of fund obligation at the end of the year	2 735 252	1 871 614	2 735 252	1 871 614
Less: Transfer of Current Portion - Note 4	(431 988)	(186 342)	(431 988)	(186 342)
Balance 30 June	**2 303 264**	**1 685 272**	**2 303 264**	**1 685 272**

The liability is unfunded.

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		423 377	133 293	556 670	
Salary Inflation	+1%	448 300	140 370	588 670	5%
Salary Inflation	-1%	400 738	126 764	527 502	-5%
Average retirement age	-2 years	399 908	122 530	522 438	-8%
Average retirement age	+2 years	440 572	141 716	582 288	6%
Withdrawal Rate	-50%	534 559	159 485	694 044	21%

3.4 Retirement Funds

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of GRAP 25, these multi-employer plans are defined as defined benefit plans. GRAP 25 also states that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

	ECONOMIC ENITITY		MUNICIPALITY	
CAPE JOINT PENSION FUND	2012 R	2011 R	2012 R	2011 R

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund was in a sound financial position with a funding level of 98.1% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

Contributions paid recognised in the Statement of Financial Performance	-	33 151	-	33 151

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund was in a sound financial position with a funding level of 100.3% (30 June 2010 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	4 474 189	4 360 363	4 474 189	4 360 363

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

DEFINED CONTRIBUTION FUNDS

Council contributes to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs

Contributions paid recognised in the Statement of Financial Performance

	2012 R	2011 R	2012 R	2011 R
Government Employees Pension Fund	459 430	350 827	459 430	350 827
Municipal Councillors Pension Fund	208 793	164 847	208 793	164 847
IMATU Retirement Fund	35 606	38 081	35 606	38 081
SAMWU National Provident Fund	1 081 190	1 235 221	1 081 190	1 235 221
	1 785 019	**1 788 976**	**1 785 019**	**1 788 976**

4 CURRENT EMPLOYEE BENEFITS

	2012 R	2011 R	2012 R	2011 R
Staff Bonuses Accrued	2 538 548	2 396 677	2 489 454	2 396 677
Provision for Staff Leave	4 857 711	4 380 803	4 835 578	4 380 803
Provision for Performance Bonuses	1 324 525	598 996	1 324 525	598 996
Other Provisions	626 742	4 962 747	626 742	4 962 747
Current Portion of Non-Current Employee Benefits	1 741 120	1 191 750	1 741 120	1 191 750
Current Portion of Post Retirement Benefits - Note 3	1 093 308	1 005 408	1 093 308	1 005 408
Current Portion of Ex Gratia Gratuities - Note 3	215 824	-	215 824	-
Current Portion of Long-Service Awards - Note 3	431 988	186 342	431 988	186 342
Total Current Employee Benefits	**11 088 646**	**13 530 973**	**11 017 419**	**13 530 973**

The movement in current employee benefits is reconciled as follows:

Staff Bonuses Accrued

	2012 R	2011 R	2012 R	2011 R
Balance at beginning of year	2 396 677	2 143 138	2 396 677	2 143 138
Contribution to current portion	2 538 548	2 396 677	2 489 454	2 396 677
Expenditure incurred	(2 396 677)	(2 143 138)	(2 396 677)	(2 143 138)
Balance at end of year	**2 538 548**	**2 396 677**	**2 489 454**	**2 396 677**

Bonuses are being paid to all municipal staff, excluding Director Technical Services and Director Community Services and Planning who have structured their contracts differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out in November of each year or pro-rata when employment is terminated.

Provision for Staff Leave

	2012 R	2011 R	2012 R	2011 R
Balance at beginning of year	4 380 803	3 041 518	4 380 803	3 041 518
Contribution to current portion	772 818	2 135 180	750 685	2 135 180
Expenditure incurred	(295 910)	(795 895)	(295 910)	(795 895)
Balance at end of year	**4 857 711**	**4 380 803**	**4 835 578**	**4 380 803**

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

	2012 R	2011 R	2012 R	2011 R
Balance at beginning of year	598 996	1 284 123	598 996	1 284 123
Contribution to current portion	725 529	612 338	725 529	612 338
Expenditure incurred	-	(1 297 465)	-	(1 297 465)
Balance at end of year	**1 324 525**	**598 996**	**1 324 525**	**598 996**

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

	ECONOMIC ENITITY		MUNICIPALITY	
Other Provisions	**2012 R**	**2011 R**	**2012 R**	**2011 R**
Balance at beginning of year	4 962 747	3 474 090	4 962 747	3 474 090
Contribution to current portion - TASK Job Evaluation Provision	-	2 777 869	-	2 777 869
Expenditure incurred - TASK Job Evaluation Provision	(4 336 005)	(1 289 212)	(4 336 005)	(1 289 212)
Balance at year end	**626 742**	**4 962 747**	**626 742**	**4 962 747**

Other provisions are non-recurring provisions which consists out of the following at year end:

TASK Job Evaluation Provision

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive backpay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

5 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	49 254 067	58 643 783	49 254 067	58 643 783
As previously reported		58 550 596		58 550 596
Correction of error restatement - note 33.03		93 187		93 187
Interest Accrued	195 467	203 941	195 467	203 941
Unknown Receipts	594 899	1 620 898	594 899	1 620 898
Payments received in advance	1 875 559	1 442 044	1 875 559	1 442 044
Balance as previously reported		5 279 849		5 279 849
Correction of error restatement - note 33.05		1 476 758		1 476 758
Correction of error restatement - note 33.05		(5 314 563)		(5 314 563)
Total Trade Payables	**51 919 992**	**61 910 666**	**51 919 992**	**61 910 666**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

All payables are unsecured.

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

6 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	15 219 393	11 932 277	13 026 411	11 932 277
National Government Grants	5 252 832	1 414 186	3 059 850	1 414 186
Provincial Government Grants	9 966 561	10 518 091	9 966 561	10 518 091
Less: Unpaid Grants	(59 064 728)	(84 777 049)	(59 064 728)	(84 777 049)
National Government Grants	(56 914 097)	(84 079 142)	(56 914 097)	(84 079 142)
Provincial Government Grants	(1 452 724)	-	(1 452 724)	-
Other Grant Providers	(697 907)	(697 907)	(697 907)	(697 907)
Total Conditional Grants and Receipts	**(43 845 335)**	**(72 844 772)**	**(46 038 317)**	**(72 844 772)**
Balance as previously reported		(26 421 242)		(26 421 242)
Correction of error restatement - note 33.02		(314 231)		(314 231)
Correction of error restatement - note 33.04		(24 191 479)		(24 191 479)
Correction of error restatement - note 33.04		(18 263 820)		(18 263 820)
Correction of error restatement - note 33.04		(3 654 000)		(3 654 000)
		(72 844 772)		(72 844 772)

Included in unpaid grants from National Government is an amount of R49 560 760 which arose due to a published Provincial Government Gazette with regards to drought relief. The payments were not honoured due to a mistake by DLGTA which meant they did not have the authority to publish the gazette. The Economic Entity is challenging their stance and have taken the matter up with the SG, COGTA and National Treasury.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

No grants were withheld during the current year.

7 SOUTH AFRICAN REVENUE SERVICES

VAT Receivable	8 616 680	13 374 381	8 616 680	13 374 381
As previously reported		13 565 550		13 565 550
Correction of error restatement - note 33.07		(191 169)		(191 169)
VAT Payable	(233 563)	-	-	-
Outstanding PAYE	-	(15 750)	-	-
VAT Output in Suspense	(278 346)	(370 624)	(278 346)	(370 624)
As previously reported		(92 278)		(92 278)
Correction of error restatement - note 33.07		(278 346)		(278 346)
VAT Input in Suspense	2 320 630	6 139 323	2 320 630	6 139 323
Total receivable form South African Revenue Services	**10 425 401**	**19 127 330**	**10 658 964**	**19 143 080**

Disclosed as follow:

Current Liabilities from Exchange Transactions	(233 563)	-	-	-
Current Assets from Exchange Transactions	10 658 964	19 127 330	10 658 964	19 143 080
	10 425 401	**19 127 330**	**10 658 964**	**19 143 080**

VAT is payable/receivable on the cash basis.

8 PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY

30 JUNE 2012

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**15 695 005**	**1 709 113**	**-**	**-**	**17 404 118**	**2 496 325**	**555 043**	**-**	**-**	**3 051 368**	**14 352 749**
Land	2 027 000	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	13 668 005	1 709 113	-	-	15 377 118	2 496 325	555 043	-	-	3 051 368	12 325 749
Infrastructure	**1 250 361 874**	**57 948 203**	**-**	**-**	**1 308 310 078**	**128 418 781**	**36 884 213**	**-**	**-**	**165 302 994**	**1 143 007 084**
Sewerage network	249 141 957	-	-	8 930 261	258 072 218	29 110 177	8 427 413	-	-	37 537 590	220 534 628
Water network	752 609 395	-	-	155 530 771	908 140 166	99 308 604	28 456 800	-	-	127 765 404	780 374 762
Work in Progress	248 610 522	57 948 203	-	(164 461 032)	142 097 694	-	-	-	-	-	142 097 694
Other Assets	**23 954 929**	**289 792**	**(354 944)**	**-**	**23 889 777**	**7 577 089**	**3 470 785**	**1 707**	**(200 164)**	**10 849 417**	**13 040 360**
Office Equipment	1 799 358	90 076	(31 791)	-	1 857 643	518 685	246 236	666	(13 637)	751 951	1 105 692
Furniture & Fittings	2 918 496	43 805	-	-	2 962 301	1 441 421	318 189	1 041	-	1 760 651	1 201 650
Motor Vehicles	5 637 977	-	(264 035)	-	5 373 942	2 222 740	754 497	-	(157 061)	2 820 176	2 553 766
Fire Engines	8 924 094	-	-	-	8 924 094	861 153	1 527 460	-	-	2 388 613	6 535 481
Computer Equipment	2 488 940	62 949	(59 118)	-	2 492 771	1 437 343	394 771	-	(29 466)	1 802 648	690 123
Special Vehicles	945 945	-	-	-	945 945	244 528	84 415	-	-	328 943	617 002
Tools and Equipment	1 240 119	92 962	-	-	1 333 081	851 219	145 216	-	-	996 435	336 646
	1 290 011 808	**59 947 108**	**(354 944)**	**-**	**1 349 603 972**	**138 492 195**	**40 910 041**	**1 707**	**(200 164)**	**179 203 780**	**1 170 400 193**

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There are no impairment identified for Property, Plant and Equipment.

ECONOMIC ENTITY

30 JUNE 2011

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**18 216 509**	**-**	**(2 521 504)**	**-**	**15 695 005**	**2 341 446**	**576 059**	**-**	**(421 180)**	**2 496 325**	**13 198 680**
Land	2 027 000	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	16 189 509	-	(2 521 504)	-	13 668 005	2 341 446	576 059	-	(421 180)	2 496 325	11 171 680
Infrastructure	**1 164 128 365**	**86 233 509**	**-**	**-**	**1 250 361 874**	**94 798 105**	**33 620 676**	**-**	**-**	**128 418 781**	**1 121 943 093**
Sewerage network	233 634 798	-	-	15 507 159	249 141 957	21 024 405	8 085 772	-	-	29 110 177	220 031 780
Water network	749 843 486	-	-	2 765 909	752 609 395	73 773 700	25 534 904	-	-	99 308 604	653 300 791
Work in Progress	180 650 081	86 233 509	-	(18 273 068)	248 610 522	-	-	-	-	-	248 610 522
As previously reported	203 633 773	86 233 509	-	(18 273 068)	271 594 214	-	-	-	-	-	271 594 214
Correction of error restatement - note 33.06	(22 983 692)	-	-	-	(22 983 692)	-	-	-	-	-	(22 983 692)
Other Assets	**16 817 363**	**10 624 222**	**(3 486 656)**	**-**	**23 954 929**	**6 172 346**	**2 982 827**	**-**	**(1 578 084)**	**7 577 089**	**16 377 840**
Office Equipment	1 691 335	260 035	(152 012)	-	1 799 358	334 312	248 772	-	(64 399)	518 685	1 280 673
As previously reported	1 689 284	259 718	(152 012)	-	1 796 990	334 312	248 381	-	(64 399)	518 294	1 278 696
Correction of error restatement - note 33.07	2 051	317	-	-	2 368	-	391	-	-	391	1 977
Furniture & Fittings	2 906 100	559 230	(546 834)	-	2 918 496	1 342 998	367 595	-	(269 172)	1 441 421	1 477 075
As previously reported	2 906 100	531 310	(546 720)	-	2 890 690	1 342 998	366 725	-	(269 172)	1 440 551	1 450 139
Correction of error restatement - note 33.07	-	27 920	(114)	-	27 806	-	870	-	-	870	26 936
Motor Vehicles	5 594 252	1 647 109	(1 603 384)	-	5 637 977	1 815 222	942 426	-	(534 908)	2 222 740	3 415 237
Fire Engines	1 710 915	8 043 636	(830 457)	-	8 924 094	778 251	532 167	-	(449 265)	861 153	8 062 941
Computer Equipment	2 695 628	114 212	(320 900)	-	2 488 940	1 061 293	616 548	-	(240 498)	1 437 343	1 051 597
As previously reported	2 691 183	111 567	(320 900)	-	2 481 850	1 061 293	614 434	-	(240 498)	1 435 229	1 046 621
Correction of error restatement - note 33.07	4 445	2 645	-	-	7 090	-	2 114	-	-	2 114	4 976
Special Vehicles	945 945	-	-	-	945 945	159 742	84 786	-	-	244 528	701 417
Tools and Equipment	1 273 188	-	(33 069)	-	1 240 119	680 528	190 533	-	(19 842)	851 219	388 900
	1 199 162 237	**96 857 731**	**(6 008 160)**	**-**	**1 290 011 808**	**103 311 897**	**37 179 562**	**-**	**(1 999 264)**	**138 492 195**	**1 151 519 613**

MUNICIPALITY

30 JUNE 2012

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**15 695 005**	**1 709 113**	**-**	**-**	**17 404 118**	**2 496 325**	**555 043**	**-**	**-**	**3 051 368**	**14 352 749**
Land	2 027 000	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	13 668 005	1 709 113	-	-	15 377 118	2 496 325	555 043	-	-	3 051 368	12 325 749
Infrastructure	**1 250 361 874**	**57 948 203**	**-**	**-**	**1 308 310 078**	**128 418 781**	**36 884 213**	**-**	**-**	**165 302 994**	**1 143 007 084**
Sewerage network	249 141 957	-	-	8 930 261	258 072 218	29 110 177	8 427 413	-	-	37 537 590	220 534 628
Water network	752 609 395	-	-	155 530 771	908 140 166	99 308 604	28 456 800	-	-	127 765 404	780 374 762
Work in Progress	248 610 522	57 948 203	-	(164 461 032)	142 097 694	-	-	-	-	-	142 097 694
Other Assets	**23 651 488**	**286 993**	**(354 944)**	**-**	**23 583 537**	**7 549 606**	**3 436 163**	**-**	**(200 164)**	**10 785 605**	**12 797 932**
Office Equipment	1 780 074	87 277	(31 791)	-	1 835 560	515 498	242 989	-	(13 637)	744 850	1 090 710
Furniture & Fittings	2 692 081	43 805	-	-	2 735 886	1 434 342	306 114	-	-	1 740 456	995 430
Motor Vehicles	5 637 977	-	(264 035)	-	5 373 942	2 222 740	754 497	-	(157 061)	2 820 176	2 553 766
Fire Engines	8 924 094	-	-	-	8 924 094	861 153	1 527 460	-	-	2 388 613	6 535 481
Computer Equipment	2 431 198	62 949	(59 118)	-	2 435 029	1 420 126	375 471	-	(29 466)	1 766 131	668 898
Special Vehicles	945 945	-	-	-	945 945	244 528	84 415	-	-	328 943	617 002
Tools and Equipment	1 240 119	92 962	-	-	1 333 081	851 219	145 216	-	-	996 435	336 646
	1 289 708 367	**59 944 309**	**(354 944)**	**-**	**1 349 297 732**	**138 464 712**	**40 875 419**	**-**	**(200 164)**	**179 139 967**	**1 170 157 765**

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There are no impairment identified for Property, Plant and Equipment.

MUNICIPALITY

30 JUNE 2011

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**18 216 509**	**-**	**(2 521 504)**	**-**	**15 695 005**	**2 341 446**	**576 059**	**-**	**(421 180)**	**2 496 325**	**13 198 680**
Land	2 027 000	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	16 189 509	-	(2 521 504)	-	13 668 005	2 341 446	576 059	-	(421 180)	2 496 325	11 171 680
Infrastructure	**1 164 128 365**	**86 233 509**	**-**	**-**	**1 250 361 874**	**94 798 105**	**33 620 676**	**-**	**-**	**128 418 781**	**1 121 943 093**
Sewerage network	233 634 798	-	-	15 507 159	249 141 957	21 024 405	8 085 772	-	-	29 110 177	220 031 780
Water network	749 843 486	-	-	2 765 909	752 609 395	73 773 700	25 534 904	-	-	99 308 604	653 300 791
Work in Progress	180 650 081	86 233 509	-	(18 273 068)	248 610 522	-	-	-	-	-	248 610 522
As previously reported	203 633 773	86 233 509	-	(18 273 068)	271 594 214	-	-	-	-	-	271 594 214
Correction of error restatement - note 33.06	(22 983 692)	-	-	-	(22 983 692)	-	-	-	-	-	(22 983 692)
Other Assets	**16 764 464**	**10 372 746**	**(3 485 722)**	**-**	**23 651 488**	**6 172 244**	**2 955 381**	**-**	**(1 578 019)**	**7 549 606**	**16 101 882**
Office Equipment	1 674 636	257 450	(152 012)	-	1 780 074	334 210	245 687	-	(64 399)	515 498	1 264 576
Furniture & Fittings	2 906 100	331 881	(545 900)	-	2 692 081	1 342 998	360 451	-	(269 107)	1 434 342	1 257 739
Motor Vehicles	5 594 252	1 647 109	(1 603 384)	-	5 637 977	1 815 222	942 426	-	(534 908)	2 222 740	3 415 237
Fire Engines	1 710 915	8 043 636	(830 457)	-	8 924 094	778 251	532 167	-	(449 265)	861 153	8 062 941
Computer Equipment	2 659 428	92 670	(320 900)	-	2 431 198	1 061 293	599 331	-	(240 498)	1 420 126	1 011 072
Special Vehicles	945 945	-	-	-	945 945	159 742	84 786	-	-	244 528	701 417
Tools and Equipment	1 273 188	-	(33 069)	-	1 240 119	680 528	190 533	-	(19 842)	851 219	388 900
	1 199 109 338	**96 606 255**	**(6 007 226)**	**-**	**1 289 708 367**	**103 311 795**	**37 152 116**	**-**	**(1 999 199)**	**138 464 712**	**1 151 243 655**

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

9 INVESTMENT PROPERTY

	2012 R	2011 R	2012 R	2011 R
Net Carrying amount at 1 July	**4 947 693**	**5 200 576**	**2 685 567**	**5 200 576**
Cost	5 079 891	5 382 357	2 813 357	5 382 357
Accumulated Depreciation	(132 198)	(181 781)	(127 790)	(181 781)
Acquisitions	-	2 266 534	-	-
As previously reported		1 988 188		
Correction of error restatement - note 33.07		278 346		
Disposals/Transfers	-	(2 422 073)	-	(2 422 073)
- Cost	-	(2 569 000)	-	(2 569 000)
- Accumulated Depreciation	-	146 927	-	146 927
Depreciation for the year	(57 044)	(97 344)	(46 288)	(92 936)
As previously reported		(96 803)		
Correction of error restatement - note 33.07		(541)		
Net Carrying amount at 30 June	**4 890 649**	**4 947 693**	**2 639 279**	**2 685 567**
Cost	5 079 891	5 079 891	2 813 357	2 813 357
Accumulated Depreciation	(189 242)	(132 198)	(174 078)	(127 790)
Revenue derived from the rental of investment property	23 761	20 107	23 761	20 107

No operating expenditure was incurred on investment property during the 2011/2012 and 2010/2011 financial year.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

10 INTANGIBLE ASSETS

Computer Software

	2012 R	2011 R	2012 R	2011 R
Net Carrying amount at 1 July	**4 162 800**	**1 145 926**	**4 162 800**	**1 145 926**
Cost	3 302 895	848 733	3 302 895	848 733
Accumulated Amortisation	(227 304)	-	(227 304)	-
Work in Progress	1 087 209	297 193	1 087 209	297 193
Additions and transfers from work in progress	1 090 323	2 454 162	1 090 323	2 454 162
Transfer from Work in Progress	(1 087 209)	-	(1 087 209)	-
Work in Progress - Additions	-	790 016	-	790 016
Amortisation	(695 135)	(227 304)	(695 135)	(227 304)
Net Carrying amount at 30 June	**3 470 779**	**4 162 800**	**3 470 779**	**4 162 800**
Cost	4 393 218	3 302 895	4 393 218	3 302 895
Accumulated Amortisation	(922 439)	(227 304)	(922 439)	(227 304)
Work in Progress	-	1 087 209	-	1 087 209

No intangible assets were assessed as having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted and no intangible assets pledged as security for liabilities.

The following material intangible asset is included in the carrying value above

		Carrying Value		Carrying Value	
Description	Remaining Period	2012 R	2011 R	2012 R	2011 R
SAMRAS (Accounting system)	9 years	2 380 898	2 667 378	2 380 898	2 667 378

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
11	**NON-CURRENT INVESTMENTS**				
	Financial Instruments				
	Fixed Deposits	1 426 285	1 319 844	1 426 285	1 319 844
	Unlisted				
	Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	3 178 884	2 539 684
	Cost	-	-	6 886 140	4 371 525
	As previously reported				3 902 010
	Correction of error restatement - note 33.07				469 515
	Provision for Impairment	-	-	(3 707 256)	(1 831 841)
	As previously reported				(1 675 619)
	Correction of error restatement - note 33.07				(156 222)
	Total Non-Current Investments	**1 426 285**	**1 319 844**	**4 605 169**	**3 859 528**

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd. The purpose of the entity is to promote economic development in the district.

Contributions made to the Development Agency consisted out of the following:

	2012 R	2011 R
Employee Related Costs	615 015	81 535
Remuneration of Directors	226 500	69 000
General Expenses	1 596 959	399 125
Investment Property	-	2 266 534
Property, Plant and Equipment	2 799	251 476
VAT	73 341	-
	2 514 615	**3 067 670**

Fixed Deposits are investments with a maturity period of more than 12 months and average interest rate of 8.06% per annum. (2011 - 9.05%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.

Investments are made in terms of the Economic Entity's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

Fixed deposits consist out of the following accounts:

			2012 R	2011 R	2012 R	2011 R
ABSA	- Acc no 2005305817	- Collateral J.W. van der Merwe	34 925	33 071	34 925	33 071
ABSA	- Acc no 2043706043	- Collateral A.R. Lee Jnr	36 400	34 458	36 400	34 458
ABSA	- Acc no 2045267243	- Collateral R. Bawuti	14 627	13 864	14 627	13 864
ABSA	- Acc no 2046041557	- Collateral D.J. Greyling	23 897	22 710	23 897	22 710
ABSA	- Acc no 2047792430	- Collateral B.D. Patu	41 610	39 497	41 610	39 497
ABSA	- Acc no 2048731623	- Collateral M.J. Buyeye	38 607	36 343	38 607	36 343
ABSA	- Acc no 2049602807	- Collateral A.H. Kruger	15 300	15 300	15 300	15 300
ABSA	- Acc no 2051346954	- Collateral P.C. Fourie	19 500	19 500	19 500	19 500
ABSA	- Acc no 2053804936	- Collateral J.C.R. Jonk	40 735	38 615	40 735	38 615
ABSA	- Acc no 2058380282	- Joe Gqabi District Municipality	23 024	21 943	23 024	21 943
ABSA	- Acc no 7276130255	- Joe Gqabi District Municipality	24 354	24 354	24 354	24 354
ABSA	- Acc no 660000135	- Building - DBSA Loan	1 113 306	1 020 189	1 113 306	1 020 189
			1 426 285	**1 319 844**	**1 426 285**	**1 319 844**

The fixed deposits serve as collateral security for the following:

Staff housing loans	312 979	299 655	312 979	299 655
DBSA Building loan - refer to note 2	1 113 306	1 020 189	1 113 306	1 020 189
	1 426 285	**1 319 844**	**1 426 285**	**1 319 844**

12	**INVENTORY**				
	Fuel and oil – at cost	871 993	786 452	871 993	786 452
	Stationery and materials - at cost	19 136	29 612	19 136	29 612
	Spare parts - at cost	320 611	411 356	320 611	411 356
	Total Inventory	**1 211 740**	**1 227 420**	**1 211 740**	**1 227 420**
	Consumable stores materials losses identified during stock counts	13 037	10 474	13 037	10 474
	Inventory recognised as an expense during the year	4 629 181	3 470 035	4 629 181	3 470 035

No inventory was pledged as security.

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Other Receivables	3 958 181	6 304 643	3 957 431	6 287 293
Other Debtors	2 919 244	5 342 727	2 918 494	5 325 377
As previously reported		7 978 742		7 961 392
Correction of error restatement - note 33.01		(2 636 015)		(2 636 015)
Staff Debtors	205 210	187 637	205 210	187 637
Ex-Staff Debtors	650 672	680 825	650 672	680 825
Pensioners	183 055	93 455	183 055	93 455
	3 958 181	6 304 643	3 957 431	6 287 293
Less: Allowance for Doubtful Debts	(951 848)	(404 257)	(951 848)	(404 257)
Total Net Receivables from Exchange Transactions	**3 006 333**	**5 900 386**	**3 005 583**	**5 883 036**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Reconciliation of the Total Doubtful Debt Provision

Balance at beginning of the year	404 257	4 361 426	404 257	4 361 426
Contributions/(reversal) to provision	547 591	(3 957 169)	547 591	(3 957 169)
Doubtful debts written off against provision	-	-	-	-
Balance at end of year	**951 848**	**404 257**	**951 848**	**404 257**
Other Receivables	951 848	404 257	951 848	404 257

Concentrations of credit risk with respect to receivables are limited due to the Economic Entity's large number of customers. The Economic Entity's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Economic Entity's trade receivables.

Ageing of Receivables from Exchange Transactions

(Other Receivables): Ageing

Current (0 - 30 days)	917 601	5 144 618	917 601	5 128 868
31 - 60 Days	21 325	7 788	21 325	7 788
61 - 90 Days	14 830	7 788	14 830	7 788
+ 90 Days	3 004 425	1 144 449	3 003 675	1 142 849
Total	**3 958 181**	**6 304 643**	**3 957 431**	**6 287 293**

14 CASH AND CASH EQUIVALENTS

Assets				
Call Investments Deposits	15 418 489	2 827 428	15 418 489	2 827 428
Primary Bank Account	5 131 434	1 128 760	1 949 326	1 128 760
As previously reported		1 172 679		1 172 679
Correction of error restatement - note 33.03		(43 919)		(43 919)
Cash Floats	300	300	300	300
Total Cash and Cash Equivalents - Assets	**20 550 223**	**3 956 488**	**17 368 115**	**3 956 488**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R15 418 489 are held to fund Unspent Conditional Grants (2011 - R2 827 428).

The Economic Entity has the following bank accounts:

Current Accounts

ABSA - account nr 23-8000-0019

Cash book balance at beginning of year	1 035 574	1 569 872	1 035 574	1 569 872
Cash book balance at end of year	1 949 326	1 035 574	1 949 326	1 035 574
Bank statement balance at beginning of year	1 212 016	2 357 805	1 212 016	2 357 805
Bank statement balance at end of year	1 982 887	1 212 016	1 982 887	1 212 016

ABSA - account nr 40-7880-3628

Cash book balance at beginning of year	-	-	-	-
Cash book balance at end of year	3 182 108	-	-	-
Bank statement balance at beginning of year	-	-	-	-
Bank statement balance at end of year	3 182 108	-	-	-

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R
Call Investments Deposits				
ABSA - Acc no 9084169245 - MIG	3 418 034	312 033	3 418 034	312 033
ABSA - Acc no 9185426744 - General Fund Operational Funds	7 541 554	2 223 325	7 541 554	2 223 325
ABSA - Acc no 9072226158 - Public Works Special Programme	2 317 276	26 246	2 317 276	26 246
ABSA - Acc no 9122637071 - Wetlands Projects	1 819	21 290	1 819	21 290
ABSA - Acc no 4050457691 - Maclear TRC	-	198	-	198
ABSA - Acc no 9270029895 - Environmental Affairs Mazibuyele Emasasweni	1 881 884	-	1 881 884	-
FNB - Acc no 61161929886 - Structure Plan Herschel	218 229	213 258	218 229	213 258
Trust Account - Greyvenstein & Spence - IDC Trust Account	39 693	31 079	39 693	31 079
	15 418 489	**2 827 429**	**15 418 489**	**2 827 429**

The cash which backs up the unspent grants is invested as individual investments or part of the general investments of the Economic Entity until it is utilised.

15 GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENITITY 2012 R	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2012 R	MUNICIPALITY 2011 R
Unconditional Grants	**150 776 354**	**164 144 235**	**150 093 354**	**164 144 235**
Equitable Share	149 031 000	125 942 850	149 031 000	125 942 850
ECDC	-	37 000 000	-	37 000 000
LG Seta	1 062 354	1 201 385	1 062 354	1 201 385
Elundini Local Municipality	350 000	-	-	-
Senqu Local Municipality	333 000	-	-	-
Conditional Grants	**165 791 608**	**190 149 821**	**165 791 608**	**190 149 821**
2010 Transport	-	126 000	-	126 000
Alphine Tourism	281 097	204 852	281 097	204 852
DBSA Municipal Support Framework	-	46 342	-	46 342
Department Water Affairs	1 913 983	8 657 384	1 913 983	8 657 384
Disaster Management Fire & Emergency Services	-	36 873	-	36 873
Disaster Management Forum	-	51 061	-	51 061
Disaster Management Plan	-	1 414	-	1 414
Disaster Management Policy Framework	-	46 355	-	46 355
Emergency Drought Relief	-	38 297 021	-	38 297 021
As previously reported		14 105 542		14 105 542
Correction of error restatement - note 33.04		24 191 479		24 191 479
Enviromental Health Practioners	1 452 724	-	1 452 724	-
EPWP Programme	2 458 000	2 923 630	2 458 000	2 923 630
Finance Management Grant (FMG)	1 227 618	642 472	1 227 618	642 472
Gariep Implement Lake	500 001	1 499 740	500 001	1 499 740
Heritage, Tourism & Economic Strategy	9 311	223 520	9 311	223 520
Heritage Management Plan (UCG)	253 887	75 820	253 887	75 820
Invoice Based Finance	982 274	1 100 000	982 274	1 100 000
ISRDP Nodal Support	-	70 421	-	70 421
LED Capacity	481 045	197 665	481 045	197 665
LG Seta	-	-	-	-
As previously reported		1 014 315		1 014 315
Correction of error restatement - note 33.02		187 070		187 070
Reclassified to Unconditional Grants		(1 201 385)		(1 201 385)
Libraries	3 990 000	2 200 000	3 990 000	2 200 000
Municipal Infrastructure Grant (MIG)	123 954 001	104 767 396	123 954 001	104 767 396
Municipal Systems Improvement Grant (MSIG)	324 641	654 798	324 641	654 798
Performance Management System	-	127 517	-	127 517
Public Transport	505 977	-	505 977	-
Public Works - Special Programme	26 936 117	28 175 782	26 936 117	28 175 782
As previously reported		23 006 276		23 006 276
Correction of error restatement - note 33.04		5 169 506		5 169 506
Stimulation of Economy through Marketing	520 932	23 758	520 932	23 758
Total Government Grants and Subsidies	**316 567 962**	**354 294 056**	**315 884 962**	**354 294 056**
Government Grants and Subsidies - Capital	64 980 991	97 592 480	64 980 991	97 592 480
Government Grants and Subsidies - Operating	251 586 971	256 701 577	250 903 971	256 701 577
	316 567 962	**354 294 056**	**315 884 962**	**354 294 056**

The Economic Entity does not expect any significant changes to the level of grants. No grants were withheld during the current year.

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	ECONOMIC ENITITY 2012 R	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2012 R	MUNICIPALITY 2011 R
Equitable share	149 031 000	125 942 850	149 031 000	125 942 850
Budget & Treasury	1 227 618	642 472	1 227 618	642 472
Corporate Services	1 062 354	1 201 385	1 062 354	1 201 385
Community & Social Services	8 795 912	6 686 136	8 795 912	6 686 136
Road Transport	29 394 118	31 099 412	29 394 118	31 099 412
Other	124 459 978	141 767 619	124 459 978	141 767 619
Water	1 913 982	46 954 182	1 913 982	46 954 182
Municipal Entity - Development Agency	683 000	-	-	-
	316 567 962	**354 294 056**	**315 884 962**	**354 294 056**

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
15.01	**Equitable share**				
	Opening balance	-	-	-	-
	Grants received	149 031 000	125 942 850	149 031 000	125 942 850
	Conditions met - Operating	(149 031 000)	(125 942 850)	(149 031 000)	(125 942 850)
	Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Economic Entity by the National Treasury.

15.02	**Finance Management Grant (FMG)**				
	Opening balance	(10 118)	(367 646)	(10 118)	(367 646)
	Grants received	1 250 000	1 000 000	1 250 000	1 000 000
	Conditions met - Operating	(1 227 618)	(642 472)	(1 227 618)	(642 472)
	Conditions still to be met/(Grant expenditure to be recovered)	**12 265**	**(10 118)**	**12 265**	**(10 118)**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

15.03	**Municipal Systems Improvement Grant (MSIG)**				
	Opening balance	91 300	(3 902)	91 300	(3 902)
	Grants received	790 000	750 000	790 000	750 000
	Conditions met - Operating	(324 641)	(654 798)	(324 641)	(654 798)
	Conditions still to be met/(Grant expenditure to be recovered)	**556 659**	**91 300**	**556 659**	**91 300**

The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry mandated functions effectively.

15.04	**Municipal Infrastructure Grant (MIG)**				
	Opening balance	(24 397 201)	(14 323 805)	(24 397 201)	(14 323 805)
	Grants received	143 957 000	94 694 000	143 957 000	94 694 000
	Conditions met - Operating	(58 973 010)	(7 174 916)	(58 973 010)	(7 174 916)
	Conditions met - Capital	(64 980 991)	(97 592 480)	(64 980 991)	(97 592 480)
	Conditions still to be met/(Grant expenditure to be recovered)	**(4 394 202)**	**(24 397 201)**	**(4 394 202)**	**(24 397 201)**

The vision of the MIG programme is to provide all South Africans with at least a basic level of service by the year 2013 through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Economic Entity's programmes cover both Sanitation and Water projects.

15.05	**Public Works - Special Programme**				
	Opening balance	(6 457 063)	(5 649 817)	(6 457 063)	(5 649 817)
	Grants received	30 434 045	27 368 536	30 434 045	27 368 536
	Conditions met - Operating	(26 936 117)	(28 175 782)	(26 936 117)	(28 175 782)
	Conditions still to be met/(Grant expenditure to be recovered)	**(2 959 135)**	**(6 457 063)**	**(2 959 135)**	**(6 457 063)**

This grant is used for maintenance of roads in the district.

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
15.06	**Other Grants**				
	Opening balance	(42 071 690)	(15 891 908)	(42 071 690)	(15 891 908)
	Grants received	19 043 000	67 930 977	16 167 018	67 930 977
	Conditions met - Operating	(14 032 230)	(94 110 759)	(13 349 230)	(94 110 759)
	Conditions still to be met/(Grant expenditure to be recovered)	**(37 060 920)**	**(42 071 690)**	**(39 253 903)**	**(42 071 690)**
	Other Grants consist out of the following:				
	ACIP	-	(3 654 000)	-	(3 654 000)
	Department Water Affairs	1 308 903	1 322 886	1 308 903	1 322 886
	Emergency Drought Relief	(49 560 760)	(49 560 760)	(49 560 760)	(49 560 760)
	Public Transport	1 182 023	-	1 182 023	-
	Disaster Management Forum	36 115	36 115	36 115	36 115
	Disaster Management Establishment of Centres	5 449 773	5 449 773	5 449 773	5 449 773
	Disaster Management Plan	1 497 929	1 497 929	1 497 929	1 497 929
	Disaster Management Fire & Emergency Services	1 667 736	1 667 736	1 667 736	1 667 736
	Disaster Management Policy Framework	338 434	338 434	338 434	338 434
	Gariep Implement Lake	-	500 001	-	500 001
	Heritage, Tourism & Economic Strategy	8 314	17 625	8 314	17 625
	Heritage Management Plan (UCG)	292 959	154 092	292 959	154 092
	Invoice Based Finance	223 330	-	223 330	-
	LED Capacity	42 535	152 335	42 535	152 335
	LED ISRDP	300 000	300 000	300 000	300 000
	Stimulation of Economy through Marketing	50 500	298 427	50 500	298 427
	Alphine Tourism	58 937	105 624	58 937	105 624
	DBSA Municipal Support Framework	(697 907)	(697 907)	(697 907)	(697 907)
	Enviromental Health Practioners	(1 452 725)	-	(1 452 725)	-
	Industrial Development Corporation (IDC)	2 192 983	-	-	-
		(37 060 920)	**(42 071 690)**	**(39 253 903)**	**(42 071 690)**
15.07	**Total Grants**				
	Opening balance	(72 844 772)	(36 237 078)	(72 844 772)	(36 237 078)
	Grants received	345 567 399	317 686 363	342 691 417	317 686 363
	Conditions met - Operating	(251 586 972)	(256 701 577)	(250 903 972)	(256 701 577)
	Conditions met - Capital	(64 980 991)	(97 592 480)	(64 980 991)	(97 592 480)
	Conditions still to be met/(Grant expenditure to be recovered)	**(43 845 335)**	**(72 844 772)**	**(46 038 317)**	**(72 844 772)**
	Disclosed as follows:				
	Unspent Conditional Government Grants and Receipts	15 219 393	11 932 277	13 026 411	11 932 277
	Unpaid Conditional Government Grants and Receipts	(59 064 728)	(84 777 049)	(59 064 728)	(84 777 049)
		(43 845 335)	**(72 844 772)**	**(46 038 317)**	**(72 844 772)**
16	**GOVERNMENT SERVICES**				
	Working for Water	12 790 147	15 178 905	12 790 147	15 178 905
	As previously reported		14 279 876		14 279 876
	Correction of error restatement - note 33.05		899 029		899 029
	Working for Wetlands	5 846 366	3 292 973	5 846 366	3 292 973
	As previously reported		3 536 056		3 536 056
	Correction of error restatement - note 33.05		(243 083)		(243 083)
	Total Government Services	**18 636 513**	**18 471 878**	**18 636 513**	**18 471 878**
17	**INTEREST EARNED - EXTERNAL INVESTMENTS**				
	Call Investment Deposits	1 107 701	2 505 873	1 107 701	2 505 873
	Primary Bank Account	189 320	279 345	189 286	279 345
	Fixed Deposits	106 441	115 875	106 441	115 875
	Total Interest Earned - External Investments	**1 403 462**	**2 901 093**	**1 403 428**	**2 901 093**
18	**OTHER INCOME**				
	Sundry Income	279 655	230 167	279 655	230 167
	Rental of Facilities and Equipment	23 761	20 107	23 761	20 107
	Unknown Receipts recognised as income	1 025 999	27 248	1 025 999	27 248
	Insurance claims	414 538	-	414 538	-
	Total Other Income	**1 743 953**	**277 522**	**1 743 953**	**277 522**

		ECONOMIC ENITITY		MUNICIPALITY	
		2012	2011	2012	2011
19	**ACTUARIAL GAINS / (ACTUARIAL LOSSES)**	R	R	R	R
	Post Retirement Medical Obligation	(1 606 003)	2 184 496	(1 606 003)	2 184 496
	Ex Gratia Gratuities	(74 829)	110 877	(74 829)	110 877
	Long Service Awards	(427 539)	(46 833)	(427 539)	(46 833)
	Total Actuarial Gains	**(2 108 371)**	**2 248 540**	**(2 108 371)**	**2 248 540**
20	**EMPLOYEE RELATED COSTS**				
	Bonuses	4 057 494	3 467 455	4 004 826	3 467 455
	Contribution to current employee benefits - Staff Leave - Note 4	772 818	2 135 180	750 685	2 135 180
	Contribution to current employee benefits - TASK Provision - Note 4	-	2 777 869	-	2 777 869
	Contribution to non-current employee benefits - Long Service Awards - Note 3	423 377	350 223	423 377	350 223
	Contribution to non-current employee benefits - Post Retirement Medical - Note 3	905 396	1 057 902	905 396	1 057 902
	Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 3	26 887	26 164	26 887	26 164
	Contributions for UIF, Pensions and Medical Aids	10 840 842	9 338 698	10 837 110	9 338 163
	Salaries and Wages	50 530 552	43 791 075	50 044 416	43 710 075
	Housing Benefits and Allowances	632 396	424 970	632 396	424 970
	Overtime Payments	2 319 895	1 844 257	2 319 676	1 844 257
	Performance Bonuses	725 529	612 338	725 529	612 338
	Travel, Motor Car, Telephone, Subsistence and Other Allowances	8 040 710	6 934 428	7 923 204	6 934 428
	Total Employee Related Costs	**79 275 896**	**72 760 559**	**78 593 502**	**72 679 024**

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Municipal Manager and all Section 57 Managers are appointed on a 5-year fixed contract. The performance bonuses are only provisions which are estimates based on prior year's history. Performance bonuses are usually paid in the following year.

	2012	2011	2012	2011
Municipal Manager - Z A Williams				
Annual Remuneration	1 066 933	983 494	1 066 933	983 494
Performance Bonuses	187 396	178 052	187 396	178 052
Travel Allowance	93 500	112 200	93 500	112 200
Telephone allowance	15 000	18 000	15 000	18 000
Contributions to UIF, Medical and Pension Funds	163 110	158 108	163 110	158 108
Total	**1 525 939**	**1 449 854**	**1 525 939**	**1 449 854**
Director Technical Services - R J Fortuin				
Annual Remuneration	762 107	713 291	762 107	713 291
Performance Bonuses	159 086	151 034	159 086	151 034
Travel Allowance	170 220	170 220	170 220	170 220
Telephone allowance	9 464	9 464	9 464	9 464
Contributions to UIF, Medical and Pension Funds	194 540	185 837	194 540	185 837
Total	**1 295 417**	**1 229 846**	**1 295 417**	**1 229 846**
Director Corporate Services - H Z Jantjie				
Annual Remuneration	946 381	860 315	946 381	860 315
Performance Bonuses	125 659	118 448	125 659	118 448
Travel Allowance	129 310	151 964	129 310	151 964
Telephone allowance	9 464	9 464	9 464	9 464
Contributions to UIF, Medical and Pension Funds	57 200	55 061	57 200	55 061
Total	**1 268 014**	**1 195 252**	**1 268 014**	**1 195 252**
Director Financial Services (resigned June 2011) - A F Bothma				
Annual Remuneration	-	792 231	-	792 231
Travel Allowance	-	152 400	-	152 400
Telephone allowance	-	9 464	-	9 464
Contributions to UIF, Medical and Pension Funds	-	148 267	-	148 267
Total	**-**	**1 102 362**	**-**	**1 102 362**
Director Financial Services (appointed December 2011) - J M Jackson				
Annual Remuneration	573 068	-	573 068	-
Performance Bonuses	93 348	-	93 348	-
Travel Allowance	57 400	-	57 400	-
Telephone allowance	5 521	-	5 521	-
Contributions to UIF, Medical and Pension Funds	30 785	-	30 785	-
Total	**760 123**	**-**	**760 123**	**-**
Director Community Services and Planning - F J Sephton				
Annual Remuneration	965 129	900 872	965 129	900 872
Performance Bonuses	160 039	151 352	160 039	151 352
Travel Allowance	156 000	156 000	156 000	156 000
Telephone allowance	9 464	9 464	9 464	9 464
Contributions to UIF, Medical and Pension Funds	12 540	14 751	12 540	14 751
Total	**1 303 173**	**1 232 439**	**1 303 173**	**1 232 439**

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
	Chief Executive Officer of JoGEDA - N Moleko (appointed December 2011)				
	Basic Salary	391 781	-	-	-
	Motor Vehicle Allowances	104 654	-	-	-
	Cell Phone Allowances	7 000	-	-	-
	Contributions for UIF and SDL	5 698	-	-	-
	Total	**509 133**	**-**	**-**	**-**
	Acting Chief Executive Officer of JoGEDA - M Robertson				
	Annual Remuneration	-	81 000	-	-
	Contributions to UIF and SDL	-	535	-	-
	Total	**-**	**81 535**	**-**	**-**
21	**REMUNERATION OF COUNCILLORS**				
	Councillors	3 746 824	3 520 098	3 746 824	3 520 098
	Councillors' Pension and Medical Aid Contributions	339 556	234 567	339 556	234 567
	Total Councillors' Remuneration	**4 086 380**	**3 754 665**	**4 086 379**	**3 754 665**

In-kind Benefits

The Executive Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Economic Entity. The Executive Mayor may utilise official Council transportation when engaged in official duties.

22	**REMUNERATION OF DIRECTORS**				
	Sitting Allowances	225 750	69 000	-	-
	Total Remuneration of Directors	**225 750**	**69 000**	**-**	**-**

The members of the board of directors are all non-executive directors, except N Moleko (CEO) who is an executive member.

23	**DEBT IMPAIRMENT / (REVERSAL OF PROVISION FOR IMPAIRMENT)**				
	Contributions to provision	547 591	-	547 591	-
	Reversal of provision for impairment	-	(3 957 169)	-	(3 957 169)
	Total Debt Impairment / (Reversal of provision for impairment)	**547 591**	**(3 957 169)**	**547 591**	**(3 957 169)**

The reversal of the provision for impairment was due to the recovery of debt from the Department of Transport. The balance owed by them was long outstanding and fully impaired.

24	**IMPAIRMENTS**				
	Investment - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	1 875 415	677 770
	As previously reported				521 548
	Correction of error restatement - note 33.07				156 222
	Property, Plant and Equipment	1 707	-	-	-
	Total Impairments	**1 707**	**-**	**1 875 415**	**677 770**

The impairment was due to assets that are broken. At this stage it would be more cost effective to replace the assets than to repair them. These assets were impaired to a Rnil and is awaiting the Boards approval to be written off.

25	**DEPRECIATION AND AMORTISATION**				
	Property, Plant and Equipment - note 8	40 910 041	37 179 562	40 875 419	37 152 116
	As previously reported		37 176 187		
	Correction of error restatement - note 33.07		3 375		-
	Investment Property - note 9	57 044	97 344	46 288	92 936
	As previously reported		96 803		
	Correction of error restatement - note 33.07		541		
	Intangible Assets - note 10	695 135	227 304	695 135	227 304
	Total Depreciation and Amortisation	**41 662 220**	**37 504 210**	**41 616 842**	**37 472 356**

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
26	**REPAIRS AND MAINTENANCE**				
	Infrastructure	8 631 661	9 982 287	8 631 661	9 982 287
	Land and Buildings	110 486	179 609	110 486	179 609
	Other Assets	962 271	636 531	962 271	636 531
	Total Repairs and Maintenance	**9 704 418**	**10 798 427**	**9 704 418**	**10 798 427**
27	**FINANCE CHARGES**				
	Long-term Liabilities	804 217	838 978	804 217	838 978
	Non-current Employee Benefits	1 771 083	1 964 686	1 771 083	1 964 686
	Total Finance Charges	**2 575 300**	**2 803 664**	**2 575 300**	**2 803 664**
28	**CONTRACTED SERVICES**				
	Water and sanitation charges - Other contractors	38 550 741	43 341 167	38 550 741	43 341 167
	Total Contracted Services	**38 550 741**	**43 341 167**	**38 550 741**	**43 341 167**
29	**GRANTS AND SUBSIDIES PAID**				
	Local Municipalities	38 227 189	33 920 909	38 227 189	33 920 909
	Total Grants and Subsidies Paid	**38 227 189**	**33 920 909**	**38 227 189**	**33 920 909**

A service level agreement was entered into with the all the Local Municipalities. According to the agreement, the Local Municpalities take ownership for the delivery of water and sanitation services. A subsidy is payable to the Local Municipalities based on the projected budget deficit for the water and sanitation service delivery. The infrastructure for water and sanitation network is owned by the Economic Entity and leased to the Local Municipalities

		ECONOMIC ENITITY 2012 R	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2012 R	MUNICIPALITY 2011 R
30	**OPERATING GRANT EXPENDITURE**				
	Budget & Treasury	887 219	911 750	887 219	911 750
	Corporate Services	697 868	971 058	697 868	971 058
	Community & Social Services	6 400 103	7 774 210	6 400 103	7 774 210
	Road Transport	11 732 161	6 272 794	11 732 161	6 272 794
	Other	13 161 055	20 790 881	13 161 055	20 790 881
	Waste Management	50 290 137	-	50 290 137	-
	Water	1 411 606	5 367 455	1 411 606	5 367 455
	Total Operating Grant Expenditure	**84 580 149**	**42 088 148**	**84 580 149**	**42 088 148**

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R
31 GENERAL EXPENSES				
Audit Fees	3 237 848	5 166 037	3 058 752	5 166 037
Advertising Fees	94 786	267 971	59 945	237 400
Bank Charges	82 683	24 787	77 765	24 787
Computer Charges	1 664 636	1 829 552	1 664 636	1 829 552
Consulting Fees	3 481 654	1 732 415	2 741 871	1 682 849
As previously reported		1 726 328		
Correction of error restatement - note 33.07		6 087		
Entertainment	32 062	467 392	25 680	467 392
Insurance	1 278 253	826 601	1 252 130	826 601
Legal Fees	293 343	365 143	291 900	364 643
Material and protective clothing	63 225	1 002 273	63 225	1 002 273
Marketing	19 467	555 203	19 467	555 203
Membership Fees	699 626	877 798	699 626	877 798
Postage	8 524	13 372	8 524	13 372
Pre-establishment costs	-	202 356	-	-
As previously reported		177 674		
Correction of error restatement - note 33.07		24 682		
Printing and Stationary	290 840	870 412	249 412	870 320
Rentals	360 105	320 930	360 105	320 930
Services	236 201	420 201	236 201	420 201
Special programmes	1 921 356	11 366 693	1 921 356	11 366 693
Telephone	1 495 795	1 053 337	1 444 567	1 053 337
Training	166 869	2 827 084	166 869	2 827 084
Transfer of Water and Sanitation Receivables *	-	5 064 161	-	5 064 161
Travel and Subsistance	5 439 178	7 751 085	4 994 084	7 657 959
As previously reported		7 743 902		
Correction of error restatement - note 33.07		7 183		
Water and Electricity	5 347 180	3 361 402	5 347 180	3 361 402
Other	584 533	3 419 253	511 646	3 409 550
As previously reported		3 418 050		
Correction of error restatement - note 33.07		1 203		
Total General Expenses	**26 798 164**	**49 785 458**	**25 194 941**	**49 399 544**

*Transfer of Water and Sanitation Receivables

In the previous year, a service level agreement was entered into with Maletswai Local Municipality. According to the agreement, the Local Municpality was to take ownership for the delivery of water and sanitation services. Subsequently all receivables relating to water and sanitation were transferred to the Local Municipality.

32 DISCONTINUED OPERATIONS

In the prior year the primary health function was transferred to the Eastern Cape Provincial Department of Health. The effective date of the transfer was 1 April 2011 for employees and 30 June 2011 for all assets. All assets and staff were transferred to the Eastern Cape Provincial Department of Health.

The Revenue and Expenditure relating to this operation:

	Economic Entity 2012 R	Economic Entity 2011 R	Municipality 2012 R	Municipality 2011 R
Revenue				
Government Grants and Subsidies	-	10 897 080	-	10 897 080
As previously reported		13 533 095		13 533 095
Correction of error restatement - note 33.01		(2 636 015)		(2 636 015)
Other Income	143 002	-	143 002	-
Expenditure				
Employee related costs	-	(9 399 548)	-	(9 399 548)
Repairs and maintenance	(4 511)	(187 507)	(4 511)	(187 507)
General expenses	-	(1 956 606)	-	(1 956 606)
Loss on disposal of Property, Plant and Equipment	-	(3 923 382)	-	(3 923 382)
Total Discontinued Operations	**138 491**	**(4 569 964)**	**138 491**	**(4 569 964)**

		ECONOMIC ENITITY 2011 R	MUNICIPALITY 2011 R
33	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
33.01	**Primary Health Care - Overclaim from Department of Health**		
	In the prior year the primary health care funtion was transferred to the Department of Health. All primary health care expenses from January 2011 to June 2011 were claimed back from the Department of Health. Subsequently some of the expenses were not claimable and therefore Revenue from Discontinued Operations and Receivables from Exchange Transactions were overstated.		
	Refer to Discontinued Operations - note 32	2 636 015	2 636 015
	Refer to Receivables from Exchange Transactions - note 13	(2 636 015)	(2 636 015)
33.02	**LG Seta**		
	In the prior year, the LG Seta contributions received was treated as a conditional grant. In essence this contribution does not meet the definition of a conditional grant, and should be treated as a unconditional grant. Accordingly Unspent Conditional Government Grants overstated and Governement Grants and Subsidies were understated.		
	Refer to Government Grants and Subsidies - note 15	(187 070)	(187 070)
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	(127 161)	(127 161)
	Refer to Unspent Conditional Government Grants and Receipts - note 6	314 231	314 231
33.03	**Reconciling items on cash book reconciliation and creditors reconciliation**		
	In the current year an exercise was undertaken to clear all reconciling items on the cash book reconciliation and creditors reconciliation. On the cash book reconciliation it was found that valid payments were made, but never recorded in the cash book. All payments relate prior to 1 July 2010. The creditors reconciliation had an unreconciled balance which was brought forward when the Municipality changed for the Abakus to Samras accounting system. This balance also related to prior to 1 July 2010. Accordingly Cash and Cash Equivalents, Payables form Exchange Transactions and Accumulated Surplus was overstated.		
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	137 105	137 105
	Refer to Cash and Cash Equivalents - note 14	(43 919)	(43 919)
	Refer to Payables from Exchange Transactions - note 5	(93 186)	(93 186)
33.04	**Conditional Government Grants**		
	In the current year an exercise was carried to determine the correlation of claims made, monies received and revenue recognised. This exercise revealed that revenue had not been fully recognised in prior years		
	Emergency Drought Relief		
	Refer to Unpaid Conditional Government Grants and Receipts - note 6	24 191 479	24 191 479
	Refer to Government Grants and Subsidies - note 15	(24 191 479)	(24 191 479)
	Public Works - Special Programme		
	Refer to Government Grants and Subsidies - note 15	(5 169 506)	(5 169 506)
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	(13 094 314)	(13 094 314)
	Refer to Unspent Conditional Government Grants and Receipts - note 6	18 263 820	18 263 820
	Effect on Unspent portion	11 806 756	11 806 756
	Effect on Unpaid portion	6 457 064	6 457 064
	ACIP		
	Refer to Unpaid Conditional Government Grants and Receipts - note 6	3 654 000	3 654 000
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	(3 654 000)	(3 654 000)
33.05	**Government Services**		
	In the current year it came to the Municipalities attention that both Working for Water and Working for Wetlands income was incorretly recognised. Revenue was understated and not recognised on time. Accordingly, Payments Received in Advance, Government Services and Accumulated Surplus was misstated as follows:		
	Working for Water		
	Refer to Government Services - note 16	(899 029)	(899 029)
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	2 375 787	2 375 787
	Refer to Payables from Exchange Transactions - note 5	(1 476 758)	(1 476 758)
	Working for Wetlands		
	Refer to Government Services - note 16	243 083	243 083
	Refer to Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	(5 557 646)	(5 557 646)
	Refer to Payables from Exchange Transactions - note 5	5 314 563	5 314 563

		ECONOMIC ENITITY	MUNICIPALITY
		2011	2011
		R	R
33.06	**Infrastructure Work in Progress**		

In the current year it came to the attention of the Economic Entity that some of the work in progress as on 30 June 2011 was already unbundled and included in the asset register. The reason for this is that an extensive project constructed over several years, can have sub-projects. These sub-projects were already completed and included in the asset register, but the project costs were never removed from the work in progress register. All these projects relate to prior 1 July 2007 where deemed cost in terms of Directive 7 was applied. Accordingly, work and progress was overstated and accumulated surplus understated. Management reviewed all multi-year projects and confirmed that there are no other duplications.

	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2011 R
Refer to Accumulated Surplus - Opening balance 1 July 2010 note - 33.08	22 983 692	22 983 692
Refer to Property, Plant and Equipment - Work in Progress (Cost - Opening balance) - note 8	(22 983 692)	(22 983 692)

33.07 VAT on contributions made to JoGEDA

Contributions previously made to JoGEDA excluded VAT, whereby the Municipality claimed the VAT on the contributions mande. The VAT should not have been claimed by the Municipality. The correction of the VAT also resulted that the provision for impairment was understated.

	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2011 R
Refer to Non-Current Investments - note 11	-	469 515
Refer to Non-Current Investments - note 11	-	(156 222)
Refer to South African Revenue Services - note 7	(191 169)	(191 169)
Refer to South African Revenue Services - note 7	(278 346)	(278 346)
Refer to Impairment - note 24	-	156 222

The effect on the Economic Entity is as follow:

	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2011 R
2009/2010		
Refer to Accumulated Deficit - 1 July 2010 - note 33.08	114 634	-
Refer to Property, Plant and Equipment (Computer Equipment - Opening balance) - note 8	4 446	-
Refer to Property, Plant and Equipment (Office Equipment - Opening balance) - note 8	2 051	-
2010/2011		
Refer to General Expenses (Consulting Fees) - note 31	6 087	-
Refer to General Expenses (Pre-establishment costs) - note 31	24 682	-
Refer to General Expenses (Travel and Subsistence) - note 31	7 183	-
Refer to General Expenses (Other) - note 31	1 203	-
Refer to Investment Property (Additions) - note 9	278 346	-
Refer to Property, Plant and Equipment (Computer Equipment - Additions) - note 8	2 646	-
Refer to Property, Plant and Equipment (Furniture and Fittings - Additions) - note 8	27 920	-
Refer to Property, Plant and Equipment (Office Equipment - Additions) - note 8	317	-
Effect on deprecition and accumulated depreciation of Investment Property and Property, Plant and Equipment		
Refer to Property, Plant and Equipment (Computer Equipment - Depreciation Charge) - note 8	(391)	-
Refer to Property, Plant and Equipment (Furniture and Fittings - Depreciation Charge) - note 8	(2 114)	-
Refer to Property, Plant and Equipment (Office Equipment - Depreciation Charge) - note 8	(870)	-
Refer to Depreciation and Amortisation - note 25	3 375	-
Refer to Investment Property (Depreciation for the year) - note 9	(541)	-
Refer to Depreciation and Amortisation - note 25	541	-

33.08 Accumulated Surplus - Opening balance 1 July 2010

The correction errors in the above notes has had the following on the Accumulated Surplus:

	ECONOMIC ENITITY 2011 R	MUNICIPALITY 2011 R
LG Seta - note 33.02	127 161	127 161
Reconciling items on cash book reconciliation and creditors reconciliation - note 33.03	(137 105)	(137 105)
Conditional Government Grants - note 33.04	13 094 314	13 094 314
Conditional Government Grants - note 33.04	3 654 000	3 654 000
Government Services - note 33.05	(2 375 787)	(2 375 787)
Government Services - note 33.05	5 557 646	5 557 646
Infrastructure Work in Progress - note 33.06	(22 983 692)	(22 983 692)
VAT on contributions made to JoGEDA - note 33.07	(114 634)	-
Total	**(3 178 097)**	**(3 063 463)**

33.09 Summary of correction of error restatement effecting the Municipality

	As previously reported	Correction	Currently Reported
Accumulated Surplus - Opening balance 1 July 2010 - note 33.08	1 113 146 358	(3 063 463)	1 110 082 884
Payables from Exchange Transactions	65 600 625	(3 689 960)	61 910 666
Working for Water - note 33.05		1 476 758	
Working for Wetlands - note 33.05		(5 314 563)	
Reclassify Payables with debit balances to Receivables		54 659	
Clearing of reconciling items - note 33.03		93 186	
Unspent Conditional Government Grants and Receipts	24 053 263	(12 120 987)	11 932 277
LG Seta - note 33.02		(314 231)	
Public Works - Special Programme - note 33.04		(11 806 756)	
Property, Plant and Equipment - note 33.06	1 174 227 347	(22 983 692)	1 151 243 655
Non-current Investments - note 33.07	3 546 235	313 293	3 859 528
Cash and Cash Equivalents - note 33.03	4 000 407	(43 919)	3 956 488
Receivables from Exchange Transactions	8 464 392	(2 581 356)	5 883 036
Primary Health Care - Overclaim from Department of Health - note 33.01		(2 636 015)	
Reclassify Payables with debit balances to Receivables		54 659	
South African Revenue Service - note 33.07	19 612 595	(469 515)	19 143 080
Unpaid Conditional Government Grants and Receipts	50 474 507	34 302 543	84 777 049
Emergency Drought Relief - note 33.04		24 191 479	
Public Works - Special Programme - note 33.04		6 457 064	
ACIP - note 33.04		3 654 000	
Government Grants and Subsidies	324 746 001	29 548 055	354 294 057
LG Seta - note 33.02		187 070	
Emergency Drought Relief - note 33.04		24 191 479	
Public Works - Special Programme - note 33.04		5 169 506	
Government Services	17 815 932	655 946	18 471 878
Working for Water - note 33.05		899 029	
Working for Wetlands - note 33.05		(243 083)	
Impairments - note 33.07	521 548	156 222	677 770
Discontinued Operations - note 33.01	(1 933 948)	(2 636 015)	(4 569 964)

33.10 Summary of correction of error restatement effecting the Economic Entity

	As previously reported	Correction	Currently Reported
Accumulated Surplus - Opening balance 1 July 2010 - note	1 113 152 394	(3 178 097)	1 109 974 287
Payables from Exchange Transactions	65 600 625	(3 689 960)	61 910 666
Working for Water - note 33.05		1 476 758	
Working for Wetlands - note 33.05		(5 314 563)	
Reclassify Payables with debit balances to Receivables		54 659	
Clearing of reconciling items - note 33.03		93 186	
Unspent Conditional Government Grants and Receipts	24 053 263	(12 120 987)	11 932 277
LG Seta - note 33.02		(314 231)	
Public Works - Special Programme - note 33.04		(11 806 756)	
Property, Plant and Equipment	1 174 469 416	(22 949 688)	1 151 519 613
Infrastructure Work in Progress - note 33.06		(22 983 692)	
VAT on contributions made to JoGEDA - note 33.07		34 004	
Investment Property - note 33.07	4 669 888	277 805	4 947 693
Cash and Cash Equivalents - note 33.03	4 000 407	(43 919)	3 956 488
Receivables from Exchange Transactions	8 481 742	(2 581 356)	5 900 386
Primary Health Care - Overclaim from Department of Health - note 33.01		(2 636 015)	
Reclassify Payables with debit balances to Receivables		54 659	
South African Revenue Service - note 33.07	19 596 845	(469 515)	19 127 330
Unpaid Conditional Government Grants and Receipts	50 474 507	34 302 543	84 777 049
Emergency Drought Relief - note 33.04		24 191 479	
Public Works - Special Programme - note 33.04		6 457 064	
ACIP - note 33.04		3 654 000	
Government Grants and Subsidies	324 746 001	29 548 055	354 294 057
LG Seta - note 33.02		187 070	
Emergency Drought Relief - note 33.04		24 191 479	
Public Works - Special Programme - note 33.04		5 169 506	
Government Services	17 815 932	655 946	18 471 878
Working for Water - note 33.05		899 029	
Working for Wetlands - note 33.05		(243 083)	
Depreciation and Amortisation - note 33.07	37 500 294	3 916	37 504 210
General Expenses - note 33.07	49 746 303	39 155	49 785 458
Discontinued Operations - note 33.01	(1 933 948)	(2 636 015)	(4 569 964)

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
34	**RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS**				
	Surplus for the year	3 453 884	56 800 705	3 453 887	56 692 108
	Adjustments for:				
	Depreciation	41 662 220	37 504 210	41 616 842	37 472 356
	Contribution from/to employee benefits - non-current	3 126 743	3 398 975	3 126 743	3 398 975
	Contribution from/to employee benefits - non-current - expenditure incurred	(1 165 433)	(1 231 669)	(1 165 433)	(1 231 669)
	Contribution from/to employee benefits - non-current - actuarial gains	2 108 371	(2 248 540)	2 108 371	(2 248 540)
	Contribution to employee benefits – current	4 036 895	7 922 064	3 965 668	7 922 064
	Contribution to employee benefits – current - expenditure incurred	(7 028 592)	(5 525 710)	(7 028 592)	(5 525 710)
	Contribution/(Reversal) to/of provisions – Allowance for Doubtful Debt	547 591	(3 957 169)	547 591	(3 957 169)
	Impairments	1 707	-	1 875 415	677 770
	Loss on disposal of Property, Plant and Equipment	154 780	4 442 090	154 780	4 441 220
	Grants Received	345 567 399	317 686 363	342 691 417	317 686 363
	Grant Expenditure	(316 567 962)	(354 294 057)	(315 884 962)	(354 294 057)
	Operating Surplus before changes in working capital	75 897 603	60 497 263	75 461 727	61 033 711
	Changes in working capital - restated 2011	1 110 045	(22 573 899)	875 632	(22 572 299)
	Decrease in Payables from Exchange Transactions	(9 990 674)	(11 871 202)	(9 990 674)	(11 871 202)
	Increase/(Decrease) in Current Portion of Long-term Liabilities	36 648	(33 101)	36 648	(33 101)
	Increase/(Decrease) in South African Revenue Service	8 701 929	(10 008 703)	8 484 116	(10 024 453)
	Decrease/(Increase) in Inventory	15 680	(516 861)	15 680	(516 861)
	Decrease/(Increase) in Receivables from Exchange transactions	2 346 462	(144 032)	2 329 862	(126 682)
	Cash generated by operations	**77 007 648**	**37 923 364**	**76 337 359**	**38 461 413**
35	**CASH AND CASH EQUIVALENTS**				
	Cash and cash equivalents included in the cash flow statement comprise the following:				
	Call Investments Deposits - Note 14	15 418 489	2 827 428	15 418 489	2 827 428
	Cash Floats - Note 14	300	300	300	300
	Bank - Note 14	5 131 434	1 128 760	1 949 326	1 128 760
	Total cash and cash equivalents	**20 550 223**	**3 956 488**	**17 368 115**	**3 956 488**
36	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**				
	Cash and Cash Equivalents - Note 35	20 550 223	3 956 488	17 368 115	3 956 488
	Investments - Note 11	1 426 285	1 319 844	1 426 285	1 319 844
		21 976 508	5 276 332	18 794 400	5 276 332
	Less:	15 219 393	11 932 277	13 026 411	11 932 277
	Unspent Committed Conditional Grants - Note 6	15 219 393	11 932 277	13 026 411	11 932 277
	Net cash resources available for internal distribution/(resources utilised for internal distribution)	**6 757 114**	**(6 655 945)**	**5 767 989**	**(6 655 945)**
37	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**				
	Long-term Liabilities - Note 2	6 498 053	6 855 304	6 498 053	6 855 304
	Used to finance property, plant and equipment - at cost	(6 498 053)	(6 855 304)	(6 498 053)	(6 855 304)
	Cash invested for repayment of long-term liabilities	**-**	**-**	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.

38 BUDGET COMPARISONS

38.1 ECONOMIC ENTITY

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Revenue by Source					
Government grants and subsidies	316 567 961	353 582 082	(37 014 121)	-10%	Prior year MIG income/expenditure matter relating to different year ends for National and Municipal financial years.
Public Contributions and Donations	137 000	187 000	(50 000)	-27%	A number of committed public donations went directly to community projects and not via the Municipality.
Government Services	18 636 513	20 924 550	(2 288 037)	-11%	The budget was not crafted in terms of the accounting treatment for Working for Water and Wetlands.
Interest earned - external investments	1 403 462	1 635 000	(231 538)	-14%	Less cash invested in call deposits due to cash flow constraints.
Other income	1 743 953	126 039	1 617 914	1284%	Unknown receipts older than 3 yrs recognised as income and a number of third party insurance payments received
	338 488 889	**376 454 671**	**(37 965 782)**	**-10%**	
Expenditure by Nature					
Employee related costs	(79 275 896)	(84 609 124)	5 333 228	-6%	Vacant position not filled due to cash flow constraints.
Remuneration of Councillors	(4 086 379)	(4 143 719)	57 340	-1%	One councillor resigned and there was a lapse in time before replacement.
Remuneration of Directors	(225 750)	(396 428)	170 678	-43%	Less sub committee meetings held than anticipated.
Debt Impairment	(547 591)	-	(547 591)	0%	Changes in debtors circumstances lead to non-payment which was provided for as bad debt.
Impairments	(1 707)	(2 222 386)	2 220 679	-100%	JoGEDA received additional fundings above what was budgeted for.
Depreciation and Amortisation	(41 662 220)	(40 488 983)	(1 173 238)	3%	In line with expectation.
Repairs and maintenance	(9 704 418)	(7 647 925)	(2 056 493)	27%	Emergency repairs had to be done to Sterkspruit sanitation.
Actuarial Losses	(2 108 371)	-	(2 108 371)	0%	Decrease in the net discount rate used by the actuaries resulted in an actuarial loss.
Finance charges	(2 575 300)	(2 541 333)	(33 967)	1%	In line with expectation.
Contracted services	(38 550 741)	(40 494 776)	1 944 035	-5%	In line with expectation.
Grants and Subsidies paid	(38 227 189)	(18 708 248)	(19 518 941)	104%	Council resolution to reinstate the original budget commitment resulted in the over expenditure.
Inventory adjustments	(13 037)	(25 000)	11 963	-48%	Conservative approach used during the budget process. Adjustments are within the norm
Operating Grant Expenditure	(84 580 149)	(45 530 895)	(39 049 254)	86%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Emergency Drought Relief	(6 661 804)	(8 559 000)	1 897 196	-22%	Measures implemented in prior and current year lead to less need for emergency relief.
General expenses	(26 798 164)	(40 744 520)	13 946 356	-34%	Cashflow challenges have had a negative effect on expenditure.
Loss on disposal of PPE	(154 780)	-	(154 780)	0%	Item unable to be budgeted for.
	(335 173 497)	**(296 112 337)**	**(39 061 160)**	**13%**	
Surplus from continued operations	**3 315 393**	**80 342 334**	**(77 026 941)**	**-96%**	
Discontinued Operations	138 491	-	138 491	0%	Department of Health invoiced for final claim.
Surplus for the year	**3 453 884**	**80 342 334**	**(76 888 450)**	-96%	
Operating Expenditure by Vote					
Executive & Council	(11 937 866)	(12 028 270)	90 404	-1%	In line with expectation.
Budget & Treasury	(15 674 930)	(16 132 435)	457 505	-3%	In line with expectation.
Corporate Services	(26 869 505)	(26 842 814)	(26 691)	0%	Savings on general expenses due to cash flow challenges.
Planning & Development	(2 772 625)	(2 225 981)	(546 644)	25%	Increased depreciation due to reallocation of assets.
Health	(6 487 963)	(7 814 299)	1 326 336	-17%	Enviromental Health employees were only transferred at the end of May 2012 from Department of Health.
Community & Social Services	(26 563 790)	(27 985 534)	1 421 744	-5%	In line with expectation.
Road Transport	(29 125 794)	(28 642 302)	(483 492)	2%	Storm damage to gravel roads required additional expenditure.
Other	(18 385 503)	(29 206 465)	10 820 962	-37%	Non-timeous reimbursement for invoices submitted for services resulted in reduction in project expenditure.
Waste Management	(93 913 130)	(23 689 225)	(70 223 905)	296%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Water	(102 759 358)	(116 759 345)	13 999 987	-12%	Misallocation of grants paid to LM's between Water and Waste Management.
Municipal Entity - Development Agency	(2 465 460)	(4 785 667)	2 320 207	-48%	Less expenditure incurred due to IDC grant received late in financial year.
	(336 955 924)	**(296 112 337)**	**(40 843 587)**	**14%**	
Capital Expenditure by Vote					
Corporate Services	1 915 656	3 900 000	(1 984 344)	-51%	Extension to building not carried out due to cash flow constraints.
Health	83 563	416 000	(332 437)	-80%	Enviromental Health employees were only transferred at the end of May 2012 from Department of Health.
Waste Management	7 474 419	37 200 000	(29 725 581)	-80%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Water	50 473 786	112 843 903	(62 370 117)	-55%	Waste Management capital projects budgeted under Water capital projects.
Municipal Entity - Development Agency	2 455	40 000	(37 545)	-94%	Vacant positions not filled yet, therefore computers were not purchased.
	59 949 879	**154 399 903**	**(94 450 024)**	**-61%**	

38.2 MUNICIPALITY

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Revenue by Source					
Government grants and subsidies	315 884 961	349 392 882	(33 507 921)	-10%	Prior year MIG income/expenditure matter relating to different year ends for National and Municipal financial years.
Public Contributions and Donations	137 000	187 000	(50 000)	-27%	A number of committed public donations went directly to community projects and not via the Municipality.
Government Services	18 636 513	20 924 550	(2 288 037)	-11%	The budget was not crafted in terms of the accounting treatment for Working for Water and Wetlands.
Interest earned - external investments	1 403 428	1 635 000	(231 572)	-14%	Less cash invested in call deposits due to cash flow constraints.
Other income	1 743 953	986 039	757 914	77%	Unknown receipts older than 3 yrs recognised as income and a number of third party insurance payments received
	337 805 855	**373 125 471**	**(35 319 616)**	**-9%**	
Expenditure by Nature					
Employee related costs	(78 593 502)	(83 579 085)	4 985 583	-6%	Vacant position not filled due to cash flow constraints.
Remuneration of Councillors	(4 086 379)	(4 143 719)	57 340	-1%	One councillor resigned and there was a lapse in time before replacement.
Debt Impairment	(547 591)	-	(547 591)	0%	Changes in debtors circumstances lead to non-payment which was provided for as bad debt.
Impairments	(1 875 415)	(2 222 386)	346 971	-16%	JoGEDA received additional fundings above what was budgeted for.
Depreciation and Amortisation	(41 616 842)	(40 458 840)	(1 158 002)	3%	In line with expectation.
Repairs and maintenance	(9 704 418)	(7 647 925)	(2 056 493)	27%	Emergency repairs had to be done to Sterkspruit sanitation.
Actuarial Losses	(2 108 371)	-	(2 108 371)	0%	Decrease in the net discount rate used by the actuaries resulted in an actuarial loss.
Finance charges	(2 575 300)	(2 541 333)	(33 967)	1%	In line with expectation.
Contracted services	(38 550 741)	(40 494 776)	1 944 035	-5%	In line with expectation.
Grants and Subsidies paid	(38 227 189)	(18 708 248)	(19 518 941)	104%	Council resolution to reinstate the original budget commitment resulted in the over expenditure.
Inventory adjustments	(13 037)	(25 000)	11 963	-48%	Conservative approach used during the budget process. Adjustments are within the norm
Operating Grant Expenditure	(84 580 149)	(45 530 895)	(39 049 254)	86%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Emergency Drought Relief	(6 661 804)	(8 559 000)	1 897 196	-22%	Measures implemented in prior and current year lead to less need for emergency relief.
General expenses	(25 194 941)	(37 415 463)	12 220 522	-33%	Cashflow challenges have had a negative effect on expenditure.
Loss on disposal of PPE	(154 780)	-	(154 780)	0%	Item unable to be budgeted for.
	(334 490 459)	**(291 326 670)**	**(43 163 789)**	**15%**	
Surplus from continued operations	**3 315 396**	**81 798 801**	**(78 483 405)**	**-96%**	
Discontinued Operations	138 491	-	138 491	0%	Department of Health invoiced for final claim.
Surplus for the year	**3 453 887**	**81 798 801**	**(78 344 914)**	**-96%**	
Operating Expenditure by Vote					
Executive & Council	(11 937 866)	(12 028 270)	90 404	-1%	In line with expectation.
Budget & Treasury	(15 674 930)	(16 132 435)	457 505	-3%	In line with expectation.
Corporate Services	(26 869 505)	(26 842 814)	(26 691)	0%	Savings on general expenses due to cash flow challenges.
Planning & Development	(2 772 625)	(2 225 981)	(546 644)	25%	Increased depreciation due to reallocation of assets.
Health	(6 487 963)	(7 814 299)	1 326 336	-17%	Enviromental Health employees were only transferred at the end of May 2012 from Department of Health.
Community & Social Services	(26 479 179)	(27 985 534)	1 506 355	-5%	In line with expectation.
Road Transport	(29 125 794)	(28 642 302)	(483 492)	2%	Storm damage to gravel roads required additional expenditure.
Other	(18 385 503)	(29 206 465)	10 820 962	-37%	Non-timeous reimbursement for invoices submitted for services resulted in reduction in project expenditure.
Waste Management	(93 993 665)	(23 689 225)	(70 304 440)	297%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Water	(102 703 928)	(116 759 345)	14 055 417	-12%	Misallocation of grants paid to LM's between Water and Waste Management.
	(334 430 958)	**(291 326 670)**	**(43 104 288)**	**15%**	
Capital Expenditure by Vote					
Corporate Services	1 915 656	3 900 000	(1 984 344)	-51%	Extension to building not carried out due to cash flow constraints.
Health	83 563	416 000	(332 437)	-80%	Enviromental Health employees were only transferred at the end of May 2012 from Department of Health.
Waste Management	7 474 419	37 200 000	(29 725 581)	-80%	VIP toilets budgeted as part of capital expenditure, but is considered to be operational in terms of GRAP 17.
Water	50 473 786	112 843 903	(62 370 117)	-55%	Waste Management capital projects budgeted under Water capital projects.
	59 947 424	**154 359 903**	**(94 412 479)**	**-61%**	

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
39	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**				
39.1	**Unauthorised expenditure**				
	Reconciliation of unauthorised expenditure:				
	Opening balance	194 998 383	71 472 145	194 998 383	71 472 145
	Unauthorised expenditure current year - capital	-	15 588 920	-	15 588 920
	Unauthorised expenditure current year - operating	71 280 732	107 937 318	71 280 732	107 937 318
	Authorised by Council	(266 279 115)	-	(266 279 115)	-
	Unauthorised expenditure awaiting authorisation	**-**	**194 998 383**	**-**	**194 998 383**

Incident	Disciplinary steps
Utilisation of grant monies for operational expenditure.	*None*
Over expenditure on votes.	*None*

39.2	**Fruitless and wasteful expenditure**				
	Reconciliation of fruitless and wasteful expenditure:				
	Opening balance	745 962	2 799 058	745 962	2 799 058
	Written off by Council	-	(2 053 096)	-	(2 053 096)
	Fruitless and wasteful expenditure awaiting write-off approval	**745 962**	**745 962**	**745 962**	**745 962**

Incident	Disciplinary steps
SARS penalties and interest	*None*

39.3	**Irregular expenditure**				
	Reconciliation of irregular expenditure:				
	Opening balance	10 079 327	7 496 902	10 079 327	7 496 902
	Irregular expenditure current year	4 361 620	2 582 425	4 361 620	2 582 425
	Condoned	(1 079 032)	-	(1 079 032)	-
	Irregular expenditure awaiting condonement	**13 361 915**	**10 079 327**	**13 361 915**	**10 079 327**

Council supported the condonement of irregular expenditure amounting to R1 079 032. This amount has not yet been condoned by National Treasury.

Incident	Disciplinary steps
Vouchers not compliant with SCM requirements	*None*
Invalid Tax Clearance Certificates	*None*
Formal quote process not followed	*None*

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

40	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**				
40.1	**SALGA Contributions - [MFMA 125 (1)(b)]**				
	Opening balance	671 508	-	671 508	-
	Council subscriptions	88 043	872 547	88 043	872 547
	Amount paid - current year	(671 508)	(201 039)	(671 508)	(201 039)
	Balance unpaid (included in creditors)	**88 043**	**671 508**	**88 043**	**671 508**
40.2	**Audit fees - [MFMA 125 (1)(b)]**				
	Opening balance	462 585	96 557	462 585	96 557
	Current year audit fee	3 546 862	5 811 942	3 546 862	5 811 942
	External Audit - Auditor-General	2 915 900	5 166 037	2 915 900	5 166 037
	Internal Audit	630 963	645 905	630 963	645 905
	Amount paid - current year	(3 720 407)	(5 445 914)	(3 720 407)	(5 445 914)
	Balance unpaid (included in payables)	**289 040**	**462 585**	**289 040**	**462 585**

		ECONOMIC ENITITY		MUNICIPALITY	
		2012 R	2011 R	2012 R	2011 R
40.3	**VAT - [MFMA 125 (1)(b)]**				
	Opening balance	13 374 381	8 737 759	13 374 381	8 737 759
	Amounts received - current year	(36 108 017)	(18 089 284)	(35 801 113)	(18 089 284)
	Amounts claimed - current year	31 043 412	22 725 906	31 043 412	22 725 906
	Balance receivable	**8 309 776**	**13 374 381**	**8 616 680**	**13 374 381**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

		2012 R	2011 R	2012 R	2011 R
40.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	12 242 315	11 749 716	12 242 315	11 749 716
	Amount paid - current year	(12 242 315)	(11 749 716)	(12 242 315)	(11 749 716)
	Balance receivable	**-**	**-**	**-**	**-**
40.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	(15 726 367)	(15 120 876)	(15 726 367)	(15 120 876)
	Amount paid - current year	15 726 367	15 120 876	15 726 367	15 120 876
	Balance unpaid (included in payables)	**-**	**-**	**-**	**-**

40.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

There are no overdue councillor accounts.

40.7 Deviations - Supply Chain Management

Deviations with the Supply Chain Management Regulations were identified and categorised as follow:

	2012 R	2011 R	2012 R	2011 R
- Emergencies	15 778 015	37 747 400	15 778 015	37 747 400
- Goods or services are produced or available from a single provider only	2 331 361	4 620 054	2 331 361	4 620 054
- Other exceptional cases where it is impractical or impossible to follow the official procurement processes	526 432	8 756 118	526 432	8 756 118
	18 635 808	**51 123 573**	**18 635 808**	**51 123 573**

Deviations per department

	2012 R	2011 R	2012 R	2011 R
- Office of the Municipal Manager	65 282	1 074 834	65 282	1 074 834
- Financial Services	68 975	1 812 121	68 975	1 812 121
- Corporate Services	505 941	2 572 501	505 941	2 572 501
- Community Services	1 711 176	1 576 383	1 711 176	1 576 383
- Technical Services	16 284 434	44 087 734	16 284 434	44 087 734
	18 635 808	**51 123 573**	**18 635 808**	**51 123 573**

40.8 Other non-compliance (MFMA 125(2)(e))

The following non-compliance were identified at Joe Gqabi Economic Development Agency (Pty) Ltd

Section	Short description of requirement	Reason for non-compliance
Sect 87(11)	Submit within 7 working days after month end a budget statement to parent municipality in the prescribe format.	Entity is still in pre-establishment phase.

41 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

	2012 R	2011 R	2012 R	2011 R
- Infrastructure	281 378 882	329 572 617	281 378 882	329 572 617
Total	**281 378 882**	**329 572 617**	**281 378 882**	**329 572 617**
This expenditure will be financed from:				
Government Grants	281 378 882	329 572 617	281 378 882	329 572 617
	281 378 882	**329 572 617**	**281 378 882**	**329 572 617**

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

42 FINANCIAL RISK MANAGEMENT

The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.

(a) Foreign Exchange Currency Risk

The Economic Entity does not engage in foreign currency transactions.

(b) Price risk

The Economic Entity is not exposed to price risk.

(c) Interest Rate Risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.

The Economic Entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.

The Economic Entity did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	Economic Entity 2012 R	Economic Entity 2011 R	Municipality 2012 R	Municipality 2011 R
0.5% (2011 - 0.5%) Increase in interest rates	75 594	(9 511)	59 682	(9 511)
0.5% (2011 - 0.5%) Decrease in interest rates	(75 594)	9 511	(59 682)	9 511

The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Economic Entity to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of consumers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivalbes. Credit risk pertaining to debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer receivables the Economic Entity effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All services are payable within 30 days from invoice date. Refer to note 13 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R
Balances past due not impaired:				
Exchange Receivables				
Other Receivables	2 088 732	755 768	2 087 982	754 168

No receivables are pledged as security for financial liabilities

No bad debts were written of in the current year.

The Economic Entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The banks utilised by the Economic Enity for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.

Financial assets exposed to credit risk at year end are as follows:

Receivables from Exchange Transactions	3 958 181	6 304 643	3 957 431	6 287 293
Cash and Cash Equivalents	20 550 223	3 956 488	17 368 115	3 956 488
Non-current Investments	1 426 285	1 319 844	1 426 285	1 319 844
Unpaid Conditional Grants and Subsidies	59 064 728	84 777 049	59 064 728	84 777 049
	84 999 417	**96 358 024**	**81 816 559**	**96 340 674**

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Economic Entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Economic Entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2012				
Long Term liabilities	1 132 215	4 366 031	7 265 840	12 764 086
Capital repayments	359 567	1 728 296	4 769 757	6 857 620
Interest	772 648	2 637 735	2 496 083	5 906 466
Payables form exchange transactions	51 919 992	-	-	51 919 992
Unspent Conditional Government Grants and Receipts	15 219 393	-	-	15 219 393
	68 271 600	4 366 031	7 265 840	79 903 472
2011				
Long Term liabilities	1 132 215	4 529 396	8 234 691	13 896 302
Capital repayments	322 919	1 702 373	5 152 931	7 178 224
Interest	809 296	2 827 022	3 081 760	6 718 078
Payables from exchange transactions	61 910 666	-	-	61 910 666
Unspent Conditional Government Grants and Receipts	11 932 277	-	-	11 932 277
	74 975 158	4 529 396	8 234 691	87 739 245

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

43 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:

43.1 Financial Assets

	2012 R	2011 R	2012 R	2011 R
Financial instruments at amortised cost				
Non-Current Investments				
- Fixed Deposits	1 426 285	1 319 844	1 426 285	1 319 844
Receivables from Exchange Transactions	3 006 333	5 900 386	3 005 583	5 883 036
Cash and Cash Equivalents	20 550 223	3 956 488	17 368 115	3 956 488
Unpaid Conditional Government Grants and Receipts	59 064 728	84 777 049	59 064 728	84 777 049
Total Financial Instruments at amortised cost	**84 047 569**	**95 953 767**	**80 864 711**	**95 936 417**
Financial instruments at cost				
Non-Current Investments				
- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	3 178 884	2 539 684
Total carrying amount of financial assets	**84 047 569**	**95 953 767**	**84 043 595**	**98 476 101**

43.2 Financial Liability

	2012 R	2011 R	2012 R	2011 R
Financial instruments at amortised cost				
Long-term Liabilities	6 498 053	6 855 304	6 498 053	6 855 304
Trade and Other Payables	51 919 992	61 910 666	51 919 992	61 910 666
Current Portion of Long-term Liabilities	359 567	322 919	359 567	322 919
Unspent Conditional Government Grants and Receipts	15 219 393	11 932 277	13 026 411	11 932 277
Total carrying amount of financial liabilities	**73 997 006**	**81 021 166**	**71 804 024**	**81 021 166**

44 EVENTS AFTER THE REPORTING DATE

The Council of the Economic Entity at its 22 June 2012 meeting approved the following in respect of the mechanism to provide water services:

(a) That the review of the mechanism for the provision water services in terms of Section 78 Municipal Systems Act be approved and that the Economic Entity will now provide the service through an internal service delivery mechanism from 1 July 2012

(b) That the delivery of the service in Senqu, Elundini and Maletswai be taken over on 1 July 2012.

(c) That as interim measures:

- Billing, credit control and indigent registers be managed through agency agreements with the Local Municipalities.
- The status quo will remain in Gariep LM for the 2012/13 year (subsidy agreement and external service delivery mechanism) with the takeover to be initiated from 1 July 2013.

(d) That agreements for the transfer of staff be entered into with the Local Municipalities

(e) That any other necessary agreements to ensure the continuation of service and reduce any disruption of services to consumers be entered into within the limitations of Council.

	ECONOMIC ENITITY		MUNICIPALITY	
	2012 R	2011 R	2012 R	2011 R

45 IN-KIND DONATIONS AND ASSISTANCE

The Entity occupies a building of Maletswai Local Municipality. Maletswai Local Municipality does not charge any rent for this occupation.

46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

47 CONTINGENT LIABILITY

Council has the following contingent liability at the end of the financial year 2011/2012:

Outstanding litigation claims

A claim of R326 014 was filed against the Economic Entity by a service provider for services rendered. Council has filed a counter claim. Council considers the likelihood of the case being lost by the Economic Entity as being low. No court date has been set as on the reporting date.

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The effect of the ruling is a general 2% increase in remuneration as from October 2009. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review.

48 RELATED PARTIES

No business transactions took place between the Economic Entity and key management personnel and their close family members (including close members of family members) during the year under review

48.01 Related Party Loans

Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.

Prior to the above mentioned date, a loan in respect of the former Municipal Manager was made. The loan is included in Other receivables from exchange transactions as per note 13. A provision for impairment is made for the oustanding amount of R165 955 as it is uncertain that it will be collected.

Included in Receivables from Exchange Transactions as per note 13 are monies owed by the Board of Directors relating to PAYE that was not deducted from their sitting allowances. The PAYE was not deducted from the Directors as the Entity was not registered at the South African Revenue Services. In the current year all monies, except R750, were recovered from the Directors. Outstanding balances as on 30 June are as follow:

V Zitumane	-	4 500	-	-
Z P Zeka	750	2 250	-	-
G M C Orpen	-	2 250	-	-
S C Qongo	-	2 250	-	-
N Moleko	-	2 250	-	-
N Skweyiya	-	2 250	-	-
	750	**15 750**	**-**	**-**

48.02 Compensation of key management personnel

The compensation of key management personnel is set out in note 20 and 21 to the Annual Financial Statements.

48.03 Investment in Municipal Entity

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd as set out in note 11 to the Annual Financial Statements. No other transactions was entered into with this related party other than the transactions disclosed in note 11.

49 TAXATION

No taxation is payable since the Entity has an assessed tax loss of R2 990 960.

APPENDIX A - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 JUNE 2010	Redeemed during the period	Balance at 30 JUNE 2011
					R	R	R
ANNUITY LOANS							
DBSA - Building - c/o Graham and Cole street, Barkly East	0.1153	100878	6 monthly	31 Dec 2024	6 547 786	217 944	6 329 842
DBSA - Sanitation Infrastructure	0.1	9980	6 monthly	30 Jun 2016	630 437	102 659	527 778
Total Annuity Loans					**7 178 223**	**320 603**	**6 857 620**
TOTAL EXTERNAL LOANS					**7 178 223**	**320 603**	**6 857 620**

APPENDIX B - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost/Revaluation							Accumulated Depreciation					Carrying
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	Value
Land and Buildings														
Land	2 027 000	-	-	-	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	13 668 005	-	1 709 113	-	-	-	-	15 377 118	2 496 325	555 043	-	-	3 051 368	12 325 749
	15 695 005	**-**	**1 709 113**	**-**	**-**	**-**	**-**	**17 404 118**	**2 496 325**	**555 043**	**-**	**-**	**3 051 368**	**14 352 749**
Infrastructure														
Sewerage Network	249 141 957	-	8 930 261	-	9 320 007	-	-	267 392 225	29 110 177	8 427 413	-	-	37 537 590	229 854 635
Water Network	752 609 395	-	155 530 771	-	132 777 687	-	-	1 040 917 853	99 308 604	28 456 800	-	-	127 765 404	913 152 449
	1 001 751 352	**-**	**164 461 032**	**-**	**142 097 694**	**-**	**-**	**1 308 310 078**	**128 418 781**	**36 884 213**	**-**	**-**	**165 302 994**	**1 143 007 084**
Other Assets														
Office Equipment	1 799 358	-	90 076		-	31 791	-	1 857 643	518 685	246 236	666	13 637	751 951	1 105 692
Furniture & Fittings	2 918 496	-	43 805	-	-	-	-	2 962 301	1 441 421	318 189	1 041	-	1 760 651	1 201 650
Motor Vehicles	5 153 914	484 063	-	-	-	264 035	-	5 373 942	2 222 740	754 497	-	157 061	2 820 176	2 553 766
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	861 153	1 527 460	-	-	2 388 613	6 535 481
Computer Equipment	2 488 940	-	62 949	-	-	59 118	-	2 492 771	1 437 343	394 771	-	29 466	1 802 648	690 123
Special Vehicles	851 351	94 594	-	-	-	-	-	945 945	244 528	84 415	-	-	328 943	617 002
Tools and Equipment	1 240 119	-	92 962	-	-	-	-	1 333 081	851 219	145 216	-	-	996 435	336 646
	22 483 863	**1 471 066**	**289 792**	**-**	**-**	**354 944**	**-**	**23 889 777**	**7 577 089**	**3 470 785**	**1 707**	**200 164**	**10 849 417**	**13 040 360**
Total	**1 039 930 220**	**1 471 066**	**166 459 937**	**-**	**142 097 694**	**354 944**	**-**	**1 349 603 973**	**138 492 195**	**40 910 041**	**1 707**	**200 164**	**53 437 523**	**1 170 400 193**

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation							Accumulated Depreciation					Carrying
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	Value
Land and Buildings														
Land	2 027 000	-	-	-	-	-	-	2 027 000	-	-	-	-	-	2 027 000
Buildings	16 189 509	-	-	-	-	2 521 504	-	13 668 005	2 341 446	576 059	-	421 180	2 496 325	11 171 680
	18 216 509	**-**	**-**	**-**	**-**	**2 521 504**	**-**	**15 695 005**	**2 341 446**	**576 059**	**-**	**421 180**	**2 496 325**	**13 198 680**
Infrastructure														
Sewerage Network	233 634 798	-	15 507 159	-	32 477 462	-	-	281 619 419	21 024 405	8 085 772	-	-	29 110 177	252 509 242
Water Network	749 843 486	-	2 765 909	-	216 133 061	-	-	968 742 456	73 773 700	25 534 904	-	-	99 308 604	869 433 852
	983 478 284	**-**	**18 273 068**	**-**	**248 610 523**	**-**	**-**	**1 250 361 875**	**94 798 105**	**33 620 676**	**-**	**-**	**128 418 781**	**1 121 943 094**
Other Assets														
Office Equipment	1 691 335	-	260 035		-	152 012	-	1 799 358	334 312	248 772	-	64 399	518 685	1 280 673
Furniture & Fittings	2 906 100	-	559 230	-	-	546 834	-	2 918 496	1 342 998	367 595	-	269 172	1 441 421	1 477 075
Motor Vehicles	4 923 446	670 806	1 647 109	-	-	1 416 641	186 743	5 637 977	1 815 222	942 426	-	534 908	2 222 740	3 415 237
Fire Engines	740 460	970 455	8 043 636	-	-	752 411	78 046	8 924 094	778 251	532 167	-	449 265	861 153	8 062 941
Computer Equipment	2 695 628	-	114 212	-	-	320 900	-	2 488 940	1 061 293	616 548	-	240 498	1 437 343	1 051 597
Special Vehicles	851 351	94 594	-	-	-	-	-	945 945	159 742	84 786	-	-	244 528	701 417
Tools and Equipment	1 273 188	-	-	-	-	33 069	-	1 240 119	680 528	190 533	-	19 842	851 219	388 900
	15 081 508	**1 735 855**	**10 624 222**	**-**	**-**	**3 221 867**	**264 789**	**23 954 929**	**6 172 346**	**2 982 827**	**-**	**1 578 084**	**7 577 089**	**16 377 840**
Total	**1 016 776 301**	**1 735 855**	**28 897 290**	**-**	**248 610 523**	**5 743 371**	**264 789**	**1 290 011 809**	**103 311 897**	**37 179 562**	**-**	**1 999 264**	**53 437 523**	**1 151 519 614**

APPENDIX C - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011 R	Correction of error R	Restated balance 1 JULY 2011 R	Contributions during the year R	Operating Expenditure during the year Transferred to Revenue R	Capital Expenditure during the year Transferred to Revenue R	Balance 30 JUNE 2012 R	Unspent 30 JUNE 2012 (Creditor) R	Unpaid 30 JUNE 2012 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
National Government Grants									
ACIP	-	(3 654 000)	(3 654 000)	3 654 000	-	-	-	-	-
Municipal Infrastructure Grant (MIG)	(24 397 201)	-	(24 397 201)	143 957 000	(58 973 010)	(64 980 991)	(4 394 202)	-	(4 394 202)
Department Water Affairs	1 322 886	-	1 322 886	1 900 000	(1 913 983)	-	1 308 903	1 308 903	-
Emergency Drought Relief	(25 369 281)	(24 191 479)	(49 560 760)	-	-	-	(49 560 760)	-	(49 560 760)
EPWP Programme	-	-	-	2 458 000	(2 458 000)	-	-	-	-
Equitable Share	-	-	-	149 031 000	(149 031 000)	-	-	-	-
Finance Management Grant (FMG)	(10 118)	-	(10 118)	1 250 000	(1 227 618)	-	12 265	12 265	-
Municipal Systems Improvement Grant (MSIG)	91 300	-	91 300	790 000	(324 641)	-	556 659	556 659	-
Public Transport	-	-	-	1 688 000	(505 977)	-	1 182 023	1 182 023	-
Public Works - Special Programme	11 806 756	(18 263 820)	(6 457 064)	30 434 045	(26 936 117)	-	(2 959 136)	-	(2 959 136)
Industrial Development Corporation (IDC)	-	-	-	2 192 982	-	-	2 192 982	2 192 982	-
Total National Government Grants	(36 555 658)	(46 109 299)	(82 664 956)	337 355 027	(241 370 345)	(64 980 991)	(51 661 265)	5 252 832	(56 914 097)
Provincial Government Grants									
Alphine Tourism	105 624	-	105 624	234 410	(281 097)	-	58 937	58 937	-
Disaster Management Forum	36 115	-	36 115	-	-	-	36 115	36 115	-
Disaster Management Establishment of Centres	5 449 773	-	5 449 773	-	-	-	5 449 773	5 449 773	-
Disaster Management Plan	1 497 929	-	1 497 929	-	-	-	1 497 929	1 497 929	-
Disaster Management Fire & Emergency Services	1 667 736	-	1 667 736	-	-	-	1 667 736	1 667 736	-
Disaster Management Policy Framework	338 434	-	338 434	-	-	-	338 434	338 434	-
Gariep Implement Lake	500 001	-	500 001	-	(500 001)	-	-	-	-
Heritage, Tourism & Economic Strategy	17 625	-	17 625	-	(9 311)	-	8 314	8 314	-
Heritage Management Plan (UCG)	154 092	-	154 092	392 753	(253 887)	-	292 959	292 959	-
Invoice Based Finance	-	-	-	1 205 603	(982 274)	-	223 330	223 330	-
LED Capacity	152 335	-	152 335	371 245	(481 045)	-	42 535	42 535	-
LED ISRDP	300 000	-	300 000	-	-	-	300 000	300 000	-
LG Seta	314 231	(314 231)	-	-	-	-	-	-	-
Libraries	-	-	-	3 990 000	(3 990 000)	-	-	-	-
Stimulation of Economy through Marketing	298 427	-	298 427	273 005	(520 932)	-	50 500	50 500	-
Enviromental Health Practioners	-	-	-	-	(1 452 724)	-	(1 452 724)	-	(1 452 724)
Total Provincial Government Grants	10 832 322	(314 231)	10 518 091	6 467 018	(8 471 271)	-	8 513 838	9 966 561	(1 452 724)
Other Grant Providers									
DBSA Municipal Support Framework	(697 907)	-	(697 907)	-	-	-	(697 907)	-	(697 907)
Elundini Local Municipality	-	-	-	350 000	(350 000)	-	-	-	-
Senqu Local Municipality	-	-	-	333 000	(333 000)	-	-	-	-
LG Seta	314 231	(314 231)	-	1 062 354	(1 062 354)	-	-	-	-
Total Other Grant Providers	(383 676)	(314 231)	(697 907)	1 745 354	(1 745 354)	-	(697 907)	-	(697 907)
TOTAL	**(26 107 011)**	**(46 737 761)**	**(72 844 772)**	**345 567 399**	**(251 586 971)**	**(64 980 991)**	**(43 845 335)**	**15 219 393**	**(59 064 728)**